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**JOURNAL**  
**OF THE**  
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# **JOURNAL**

OF THE

## **ANNAMALAI UNIVERSITY**

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VOL. XI.

SEPTEMBER, 1941

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### **Omens and Divination in Early Tamil Religion**

By

S. K. GOVINDASAMI, M.A.

Belief in omens, either as a sign of good luck or as a warning of misfortune, is universal even to-day. It is admitted on all hands that it is the common feature of all primitive culture. Belief in omens has been developed on the basis that occurrences which are not apparently connected as cause and effect are really connected. It is built up on an empirical foundation; and mal-observation of chance coincidences is the root of omens. At the moment a man is dying an owl might have screeched, and to the mind of the people worried over the condition of the man, the screeching appears as portentous of death. From such coincidences, in course of time, it is generalised that all hootings of the owl are bad omens. Thus has developed belief in a variety of omens. There is the natural desire of man, moreover, to penetrate into the unborn future and to learn of things that are still in the lap of nature. It is this desire which drives man to look for any sign of the future in bird-calls, in the movement of animals and the human body itself, and in the ever-changing face of the heavens.

Strong belief in omens and their value to man has necessitated their interpretation by experts. Thus divination came into existence.

"By divination is meant the endeavour to obtain information about things future or otherwise removed from ordinary perception, by consulting informants other than human"<sup>1</sup> writes Mr. H. J. Rose. Though different means of divination are employed, it is mainly of two kinds, viz., voluntary and involuntary. Divination of the first sort consists of seeking after omens which are "interpreted, so to speak, in its own right with no thought of appeal to any supernatural power, god or spirit".<sup>2</sup> The second variety is divination proper, and in the strict etymological sense of the word it means an enquiry of "some sort of a deity, generally by means of signs conceived of as being sent by him."<sup>3</sup>

Now turning to the early Tamil religion, we find abundant material in literature to prove the deep-rooted faith of the Tamils in omens. The words *virichchi*, *nimittam* and *pu* in the Tamil language denote portents. The history of the last word is interesting. Its original meaning is a bird. But on account of the antiquity and universality of bird-omen, the word has come to mean omen in general. In the commentary of Nachchinarkkiniyar on sūtra 58 of *Tolūappiyam*, *Pirattināṭiyal*, the word occurs with an epithet as *pāṇṇapū* or the bird that does not fly is a omen. There is not a single activity of every-day life that does not require the consultation of the omens. Princes and peasants and thieves too attached great value to omens. Different means of interpreting them also obtained in the early period of Tamil literature.

Divination from birds and beasts is most common not only in the country of the Tamils, but all other countries of the world. This universal belief in bird-omen might have been due to their capacity to go nearer heaven than man, and primitive man would have concluded from this that the bird is in a position to know what is in the lap of gods. The English idiom,—a bird has whispered into one's ear—must have had its origin in a similar belief. A young woman separated from her husband consults the bird-call to find signs of their early reunion.<sup>4</sup> The early Tamil king had trained interpreters in his service who were sent out to study the flight of birds just as the army moved on a cam-

1. Hasting's Encyclopaedia of Religion, Vol. iv, p. 775.

2. *Op. cit.*, p. 776.

3. *Op. cit.*, p. 776.

4. *Kuruntogal*, v. 218, l. 4.

paign.<sup>5</sup> It appears that the people have believed that according as the determination with which a king goes forth to battle to win it, so the birds voluntarily appear and give good omen.<sup>6</sup> Fisher-folk before going afishing, have the custom of consulting omens.<sup>7</sup> Thieves are said to depend on eight things for success in his art and omen is mentioned as one of them.<sup>8</sup>

Besides birds, some reptiles are also considered as indicators of omens. The tittering of lizards on the walls of houses has been and is even now taken to be portentous. A young woman pining for her lord hears the lizard tittering, and interpreting it as predicting the arrival of her husband, she blesses the lizard.<sup>9</sup> This practice of blessing the omen animal is a practice widely prevalent.<sup>10</sup> Here is a passage from a *Saṅgam* classic, the *Kuṇṭatogai*, which refers to the omen of the chameleon:

"He has seen on that road to the desert where travellers look for the good omen of the grown up, a sickle-backed male chameleon".<sup>11</sup>

It must be pointed out here that not all animals are ominous to all people. They depend on particular environments. Here is an instance in point. *Kōvalan*, the hero of the *Epic of the Akkai*, goes forth from that portion of the city of *Madura* which is the dwelling place of shepherds and cowherds. Right across his path rushes wildly a humped bull. *Kōvalan* could not know that it is a bad omen, because he is not a shepherd, but the son of a merchant.<sup>12</sup> *Kōvalan's* execution is considered to be indicated by this omen.

Professional augurs could foretell the future by the study of physiognomy. This method of divination too obtains in early Tamil religion. An augur enters the court of a *Chera* king when his younger

5. *Mullaippattu*.

6. *Silappadikāram*, p. 320, l. 10.

7. *Narṇai*, v. 4.

8. *Silappadikāram*, p. 425, ll. 166-169.

9. *Narṇai*, v. 169.

10. *Encyclopædia of Religion*, vol. iv.

11. v. 140, ll. 1-3.

12. *Silappadikāram*, p. 422, ll. 100-101.

son is sitting on his lap. The heir-apparent to the throne, *Señkuṭṭavan*, is sitting by the side of his father. The fortune-teller looks closely at the face of the younger prince and predicts that he would become a king.<sup>13</sup> Beautiful women decked in jewels are regarded as good omen.<sup>14</sup> Mishaps of man are believed to be an index of coming misfortune. The idea that a small mishap of any kind is a forerunner of a greater one is common to many primitive people.

The natives of Torres Straits, though skilled in dugong fishing, sometimes returns empty-handed with their harpoons broken, and this event is generally regarded as a mishap.<sup>15</sup> Nearly a similar incident is described in a poem of *Nayirñai*. A hunter aims an arrow at a stag which it misses. This is taken to be an ill-omen. He interprets the ill omen as indicating the presence of the angry god of the mountain and feels that if the rains fall, he would be assuaged.<sup>16</sup>

A kind of divination which may be described as voluntary obtained in the early Tamil period. It is called *virichchi* or seeking for a good word. When the army begins its campaign augurs are sent in advance of the army to study the omen of any chance good word.<sup>17</sup> Elderly women augurs too are employed for *virichchi*. In *Mullaip-pāṭṭu*, the consort of a king campaigning, unable to endure the pangs of separation, sends the matrons outside the town to get good words. It is described as follows:

"The matrons scatter the paddy and mullai flowers and stand praying for the good word. (That way) comes a cowherdess leading by a rope a tender calf which calls to its mother. She consoles the calf by saying "your mother comes behind, being driven by cowherds with crooks. She will presently be with you".<sup>18</sup>

Here the good word is the chance utterance of the cowherdess, "she will presently be with you." That is interpreted as pointing to the

13. *Op. cit.*, p. 590, ll. 174-175.

14. *Nayirñai*, v. 40, l. 4-5.

15. *Encyclopaedia of Religion*, Vol. IV, p. 780.

16. v. 16.

17. *Tolkāppam: Pūṇṇai-ṭṭuṭ*, Sōtra, 53.

18. ll. 8-10.

early return of the king from war. Sometimes the paddy alone is thrown in water as a preliminary of watching for good word.<sup>19</sup>

One important form of involuntary divination, says Mr. H. J. Rose, "concerns the portents exhibited by the heavens, Eclipses, storms, and unusual atmospheric conditions would naturally be regarded from the earliest periods as manifestations of divine anger."<sup>20</sup> Identical beliefs have been held by the early Tamils. But, except in a single case, the interpretation of such abnormal phenomena is not clear. In a poem of *Puṇḍarūru*, a poet observes that seven days before the death of the Chera king Māntaram Irumporai, a star had fallen from the sky in the southerly direction.<sup>21</sup> Another instance is the flight of the planet Venus away from its ambit in the southerly direction which is said to have predicted the death of the chief Pappan.<sup>22</sup> We understand from *Pattinappalai* that the river Kaveri never dries up even if Venus flies south. This would negatively imply that the southward drift of the planet was a premonitory sign of the failure of rains.<sup>23</sup> Apart from this vagrancy of stars and planets, the failure of milk to solidify into curds, of butter to melt into ghee and similar uncommon occurrences are always portentous of evil outcome.<sup>24</sup> Miraculous happenings also are looked upon as ominous. In Madura, it is said that the doors of the temple of goddess, Kōṭṭavai could not be opened at all and it was interpreted as being fraught with evil consequence for the king and people.<sup>25</sup>

Cases of the employment of mechanical means in the practice of the mantric art are also found in the Tamil country of the past. In cases of illness of children, the parents call in the female *sugur* and consult her as to the cause of illness. Landtman, in his scholarly enquiry into origin of social inequality, observes that primitive man cannot "as a rule form proper conception of illness and he is equally at a loss before

19. *Puṇḍarūru*, v. 280, ll. 6-17.

20. *Op. cit.*, p. 785.

21. v. 229, l. 12.

22. *Op. cit.*, v. 388.

23. ll. 1-5.

24. *Silappadikāram*, p. 441, ll. 11-16.

25. *Op. cit.*, p. 507, ll. 107-112.

the mystery of death.<sup>26</sup> So he attributes illness to the action of an evil spirit. Before the spirit is propitiated in order to cure the illness, it must be specifically known what spirit is the cause of the illness. This could be known only to those conversant with the mantric art. The augur thus called, she throws the keṇḍu nuts and from their fall and the odd or even number that results she says such and such spirit has affected the patient.<sup>27</sup> Very often, Vēlan, the priest of Murugan, the red god of the hills, is consulted under such circumstances. His method of divination is shamanist. He dances with the spear in hand as if possessed by Murugan, and in a prophetic frenzy he makes utterances of an oracular character.<sup>28</sup>

Dreams have always been considered by all peoples of the world as premonitory glimpses into coming events specially sent by gods. Some interesting dreams of historical personages are actually on record in *Silappadikāram*. Certain dreams stage things shaping in the future faithfully as we find them in actual occurrence. Certain other dreams are unmistakably portentous in as much as they leave behind some dread about the future the outlines of which are dim. Some dreams are characterised by symbolic happenings, by the interpretation of which alone one might obtain a foretaste of what is going to happen. In the *Silappadikāram*, just before the fall of the Pandya, his queen dreams a premonitory dream. She dreams that the sceptre and the parasol of sovereignty have toppled down to the dust, and that the bell of justice at the palace gate is sounding incessantly in an alarming manner. She sees in the dream a rainbow at night, and stars falling in daytime.<sup>29</sup> From these she understands that something dreadful is going to happen. The following is the description of the dream dreamt by Kappaki the heroine of *Silappadikāram*.

"My heart trembles. In a dream my lord and I went to a great city. There the people uttered a word which stung me like a scorpion. I heard that some great harm had befallen my husband. I went to the king and disputed with him."<sup>30</sup>

26. *The Origin of the Inequality of Social Classes*, p. 116.

27. *Norriṇai*, v. 268.

28. *Ahaṇḍāru*, v. 98.

29. p. 480, ll. 9-12.

30. p. 244, ll. 145-152.



At Maḍura, in the cowherds' quarter, Kōvalan too dreams a dream which is only replete with ill omen, whereas Kannaki's dream is a revelation of the future in vague outlines. Kōvalan dreams that his clothes are snatched from him and that he rides on the back of a tusked boar.<sup>31</sup> The commentator says that dreaming as riding on a boar and losing one's clothes is portentous of death. In another work of classical Tamil literature, the poet says that the Cholas dreamed as tasting a fruit in the forest of the chief Alisi of Arcot, before their actual conquest of the country.<sup>32</sup> After waking up from a dream, the ancient Tamils would place some auspicious objects in the sight of the dreamer so that the evil consequences of the dream might not occur. When Pāṇḍimādēvi trembles at the remembrance of the terrible dream, her handmaidens place before her flower-garlands, sandal paste, fine silk and cotton fabrics, a box of betels and nuts and incense. What is more, as dwarfs, the hunch-backed, and mutes are regarded as auspicious, the queen is asked to look at them too.<sup>33</sup> If spectacles of ill omen are seen even in a reverie, they are considered portentous. Kīlivaḷavan, a Chola King, is said to have seen in a reverie the sights of his teeth falling, of his smearing of oil on his head, and of the stand of weapons tumbling down.<sup>34</sup> This vision is said to have brought about his death.

Thus we find on a study of early Tamil literature that omens and such other superstitions occupied a large part of the life of the ancient Tamils.

31. p. 396, ll. 95-106.

32. *Narāṇai*, v. 87, ll. 3-4.

33. *Op. cit.*, p. 481, ll. 16-21.

34. *Puraṇāṇḍra*, 41, ll. 3-11.



# **Flora of Annamalainagar**

By

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*Lecturer in Botany,  
Annamalai University.*

WITH AN INTRODUCTION BY

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*Professor and Head of the Department of Botany,  
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## INTRODUCTION

India has few books on local flora and it is not always possible for Junior students in University classes to consult books like Hooker's "Flora of British India". Descriptions of local flora are a necessity, especially in seats of University instruction. Books on Flora of the Madras Presidency are very few, these being "Flora of the Presidency of Madras" by Gamble, "Flora of the Madras City and its immediate neighbourhood" by Mayuranathan and Fyson's "Flora of the South Indian Hill Stations". Another attempt at a description of local flora is that of Mr. Fyson who published short descriptive Bulletins of common plants of Madras. But, this did not go beyond a few stray families. These works are mainly descriptive, diagrams being very few. Even where diagrams are provided, they do not bring out clearly and completely, the morphology of the flower.

The flora of the area in which this University is situated has not been described till now and being an institution where advanced teaching in Botany is undertaken a description of the local flora was felt highly desirable. With this object in view, I requested Mr. S. K. Pillai, M.Sc., of this Department to undertake a compilation of the flora of the University area. He has readily taken up the work on hand and it is hoped to provide in instalments a comprehensive descriptive Flora of the local area. Descriptions in full are given and these are supplemented by diagrams, which bring out the floral morphology completely. But, since it is very difficult to give diagrams of each and every species described in the text, they have been limited to one species in each genus.

Books on 'Flora' do not generally give any information about histological details, which, if given, will be of great use to University students. The descriptions in this work, therefore, include some histological details with illustrative diagrammatic sketches.

Chromosome numbers are coming to play an increasingly important role in plant taxonomy. In order to be helpful to the modern cyt-taxonomist, chromosome numbers wherever known, are also given as additional information.

Though the work has been got up mainly for the sake of University students, it is hoped that the diagrams given will easily enable even

others without any elaborate technical knowledge of the subject to use it in identifying plants without difficulty.

Hooker's "Flora of British India," Gamble's "Flora of the Presidency of Madras," Mayuranathan's "Flora of the Madras City" and Bailey's "Standard cyclopaedia of Horticulture" have been freely consulted. The chromosome numbers of plants are mainly based upon Gaiser's and Tischler's lists. Such numbers as are being reported in current numbers of Botanical Journals, as also those that are being determined in this laboratory, have also been incorporated.

BOTANICAL LABORATORY,  
18th Feb. 1941.

T. S. RAGHAVAN,  
*Prof. of Botany.*



RANUNCULACEAE

I. *Naravelia zeylanica*. D. C. (Introduced).



A climbing perennial shrub.

**Leaves:**—opposite, 3-5 foliate compound extipulate, the terminal leaflet generally transformed into a tripartite tendril which helps in climbing; leaflets ovate, slightly pubescent.

**Flowers:**—in axillary or terminal panicles, regular, hypogynous, bisexual with spirally arranged parts.  $\frac{3}{4}$ " to 1".

**Sepals:**—4, deciduous, petaloid, valvate.

**Petals:**—12, in two spirals of six, narrow and club-shaped, sepaloid, larger than the sepals, valvate.

**Stamens:**—numerous, the differentiation between the filament and anther being not very marked.

**Ovary:**—superior, of numerous free carpels, 1-celled and one-ovuled, covered by means of hairs.

**Fruit:**—an astario of achenes, each with the persistent highly developed having style which helps in dissemination.

**Flowering time:**—December to January.

**Histological:**—The stem exhibits the herbaceous type of arrangement of the vascular bundles in the young condition. The bundles, about 14-16 in number, are free from one another. Outside each vascular bundle is a strip of strengthening collenchyma tissue which is hypodermal in nature. Alternating with these collenchyma patches are found chlorenchyma tissue. The stem is slightly angular.

Secondary thickening is normal. The xylem vessels are of comparatively big bore which is typical of climbers.

**Chromosome Number**  $2n=16$ .

## II. *Clematis triloba* D.C. (Introduced).



A climbing perennial shrub.

**Leaves:**—opposite, trifoliate-compound exstipulate. The petioles after the leaflets have fallen, assume the function of the tendril and help in climbing. Leaflets ovate, slightly pubescent.

*Flowers*:—in axillary cymes, regular, hypogynous, with a single whorl of perianth and other parts arranged spirally, bisexual, 1" to 1¼".

*Perianth*:—of four lobes, petaloid and valvate.

*Stamens*:—numerous, arranged spirally.

*Ovary*:—superior, of many free carpels arranged spirally at the top of the thalamus, one-celled and one-ovuled. Style short and hairy.

*Fruit*:—an aetario of achenes, each crowned by the persistent hairy style which acts as a plume helping in distribution by wind.

*Flowering time*:—July to August.

*Histological*:—The stem is angular and at the angles are present patches of collenchyma tissue. The herbaceous type of disposition of vascular bundles is exhibited, the bundles being free and their number 6-10. Each bundle is covered on the outside by a tissue of hardbast. The xylem vessels are of comparatively big bore, which is characteristic of climbers.

Secondary thickening is normal.

### III. *Clematis paniculata*. (Introduced).

A climbing shrub.

*Leaves*:—opposite, tri-to-pentafoliate compound, ex-stipulate. Leaflets often lobed, ovate-elliptic, glabrous.

*Flowers*:—in axillary and terminal panicles, regular, hypogynous, with a single whorl of perianth and other parts arranged spirally, bisexual, 1—1½" across.

*Perianth*:—4, dull white, valvate.

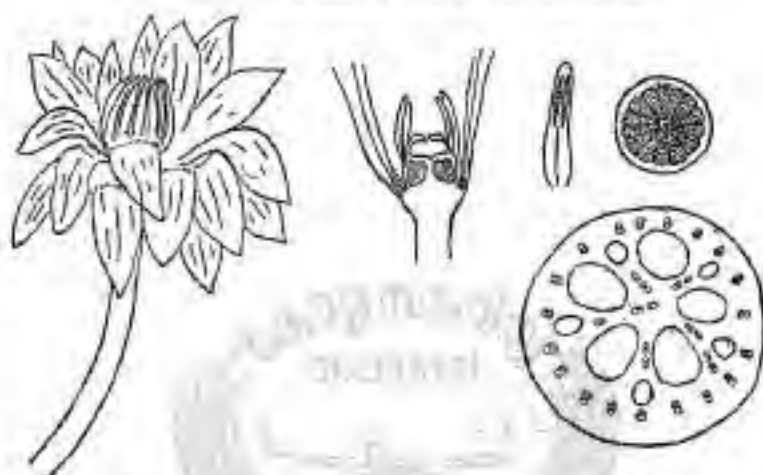
*Stamens*:—numerous, arranged spirally.

*Ovary*:—superior, of many free carpels arranged spirally at the top of the thalamus, one-celled and one-ovuled. Style hairy.

*Fruit*:—an aetario of achenes, each crowned by the persistent hairy style which acts as a plume helping in distribution by wind.

Chromosome number  $2n=16$ .

## NYMPHAEACEAE

I. *Nymphaea Lotus*, Linn, var, *pubescens*

Large aquatic herbs with creeping rootstock.

**Leaves:**—borne on long stalk, orbicular, pubescent beneath, waxy above.

**Flowers:**—conspicuous, borne on the surface of water on a long stalk, actinomorphic, hypogynous, with numerous parts, arranged spirally, bisexual, white-rose in color 5"-6".

**Sepals:**—4, free, petaloid inside, imbricate.

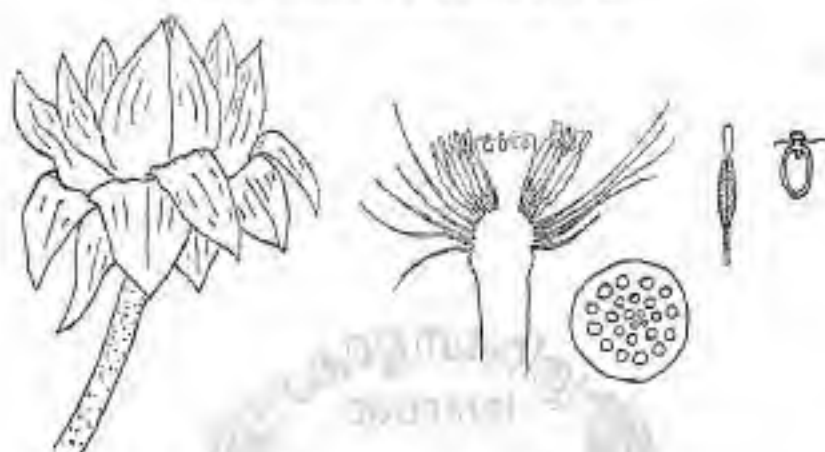
**Petals:**— $\infty$ , in many series, the inner successively transformed into stamens, polypetalous, twisted.

**Stamens:**— $\infty$ , in many spirals surrounding the thalamus cylinder, with petaloid filaments, anthers linear, narrow.

**Ovaries:**—many, in one series, sunk in the fleshy thalamus and fused with it forming a many celled syncarpous ovary with axile placentation, crowned by the connate radiating furrowed stigmas. Ovules numerous.

*Histological*:—The petiole in section shows a number of large air chambers with the vascular bundles distributed all through the section in a haphazard manner.

## II. *Nelumbium speciosum*, Willd.



Large aquatic prickly herb with creeping rhizome

*Leaves*:—large, orbicular, raised on the surface of water by petioles which have prickles on the outside and large air spaces inside. The blade has a thick waxy cuticle on the upper surface.

*Flowers*:—Rose-red, very conspicuous, actinomorphic, hypogynous, with numerous parts arranged spirally, bisexual 6"-8"

*Sepals*:—4, caducous, petaloid inside, free, imbricate.

*Petals*:—numerous, in many spirals, caducous, twisted.

*Stamens*:—numerous, in many spirals, with a short slender stalk, long anther-lobes and a club-shaped connective.

*Gynoecium*:—of numerous carpels, free from one another and one-celled but all sunk in the flat top of the obconically prolonged thalamus. Styles very short, stigmas terminal, dilated. Ovules 1-2 pendulous carpels ovoid, loosely placed in the cavities of the enlarged spongy torus.



## ANONACEAE

I. *Anona squamosa* Linn., DC.

A small tree.

**Leaves:**—simple, bifarious, oblong, glabrous.

**Flowers:**—solitary, terminal, trimerous, with spirally arranged stamens and carpels, hypogynous, actinomorphic, bisexual,  $1\frac{1}{2}$ " to 2".

**Sepals:**—3, small and inconspicuous valvate.

**Petals:**—3, large and fleshy, valvate, with concave base,  $\frac{3}{4}$ " to 1".

**Stamens:**—numerous, arranged spirally, anther cells narrow, top of the connective enlarged and ovoid.

**Ovary:**—superior, of numerous free carpels, arranged spirally and closely aggregated in the form of a cone at the top of the convex thalamus, one-celled and one-ovuled.

**Fruit:**—an aggregate of berries, the pulp being formed by the cohesion of the walls of many carpels. Edible.

*Seeds*:—with ruminant endosperm.

*Flowering time*:—May to August.

*Histological*:—The stem exhibits the woody type of disposition of vascular bundles. The bundles are numerous and they are closely placed with narrow medullary rays that they appear in the form of a ring. Outside the individual bundle is a small patch of hardbast, which thus appears in the form of an incomplete ring.

Secondary thickening is normal.

## II. *Anona reticulata* Linn., D.C.

### Small Trees.

*Leaves*:—Simple, bifarious, oblong, glabrous.

*Flowers*:—solitary, axillary or terminal, sometimes grouped together in two or three. Regular, hypogynous, bisexual, with numerous stamens and carpels arranged spirally on the conical thalamus; 2—3" in diameter.

*Sepals*:—three, smaller than the petals, valvate.

*Petals*:—three, fleshy, valvate.

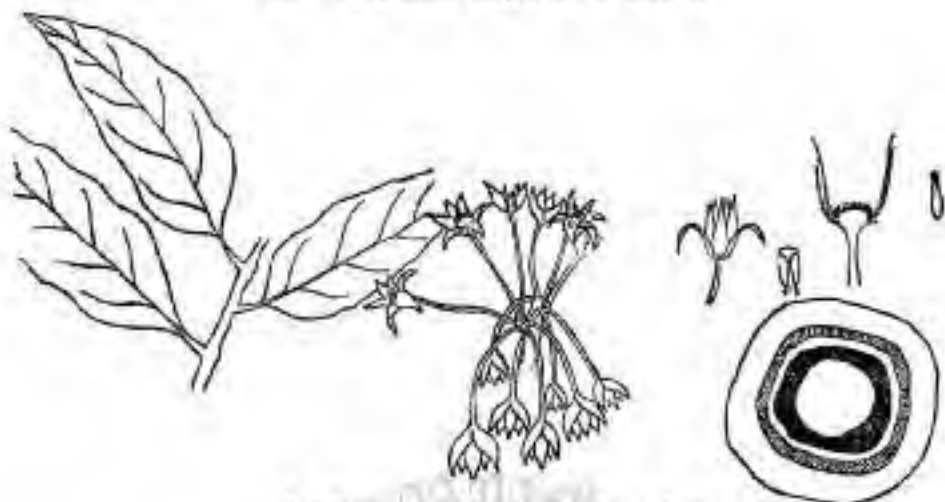
*Stamens*:—numerous, arranged spirally.

*Ovary*:—apocarpous, superior, the numerous free carpels being arranged spirally on the top of the conical thalamus. Style short.

*Fruit*:—an aggregate of berries, the walls of the individual berries becoming fleshy and coalescing together to form the edible portion.

*Seeds*:—with ruminant endosperm.

*Flowering time*:—September to October.

III. *Polylethia longifolia* B and H.

A lofty tree, with slender branches.

**Leaves:**—simple, bifarious, lanceolate with wavy margin, glabrous.

**Flowers:**—sub-umbelled, pedicels 1–2" long, hypogynous, actinomorphic, bisexual, with numerous stamens and carpels arranged spirally on the top of the convex thalamus  $1\frac{1}{2}$ " to 2".

**Sepals:**—3, free, valvate,  $\frac{1}{2}$ " to  $\frac{3}{4}$ ".

**Petals:**—6, in two series of 3 each, elongated, valvate,  $\frac{3}{4}$ " to 1".

**Stamens:**—numerous, arranged in several spirals, with a short filament and the connective flat and ovoid at the top.

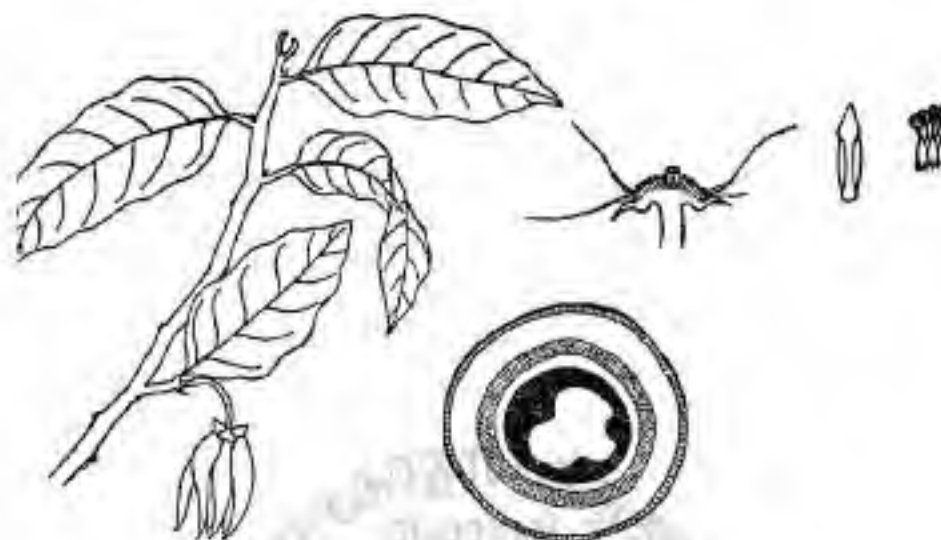
**Ovary:**—superior, of numerous carpels, arranged in several spirals on the top of the convex thalamus forming a cone; each carpel with a small style and 1–2 ovules.

**Fruit:**—an aggregate of berries.

**Flowering time:**—April to June.

**Histological:**—The arrangement of vascular bundles follows the woody type, there being numerous vascular bundles which are closely arranged in a ring with very narrow medullary rays. This ring is surrounded on the outside by another of hardbast.

Secondary thickening is normal.

IV. *Cenanga odorata*, H.

A moderately sized tree.

**Leaves:**—simple, bifarious, oblong, lanceolate with wavy margin, glabrous.

**Flowers:**—large, yellow, solitary or clustered together in twos or threes on short axillary peduncles, hypogynous, actinomorphic, bisexual, with numerous stamens and carpels arranged on the top of the convex thalamus,  $2\frac{1}{2}$ " to 3" in diameter, sweet scented. Pedicels 1", recurved, bracteate and bracteolate.

**Sepals:**—3, triangular,  $\frac{1}{4}$ " to  $\frac{1}{2}$ ", valvate.

**Petals:**—6, in two whorls of 3 each, inner smaller, long, flat,  $1\frac{1}{4}$ " to  $1\frac{1}{2}$ " long, valvate.

**Stamens:**—numerous, arranged in several spirals with short filaments and the connective conically prolonged at the tip.

**Ovary:**—Composed of 9—12 free carpels, with short styles and capitate stigmas which fuse together to form one mass, with numerous seeds in each carpel.

*Fruit*:—an aggregate of berries.

*Flowering time*:—August to October.

*Histological*:—The woody type of arrangement of V. Bs. is exhibited by the young stem, there being numerous V. Bs., closely arranged together with very narrow medullary rays. The xylem is broader at certain places and narrow at others. The phloem is surrounded by a ring of stone cells which form the hardbast. An hypodermal tissue of collenchyma is also found.

In the pith at certain places are found transverse patches of sclerenchyma cells. There are also mucilage canals in the cortex and pith.

Secondary thickening is normal.

*V. Artabotrys odoratissimus*, R. Br., (Introduced).



A highly branching shrubby straggler.

*Leaves*:—Simple, distichous, oblong lanceolate, glabrous, 6–8"  $\times$  1½–2" with acuminate tip and wavy margin.

*Flowers*:—usually solitary on woody, usually hooked, recurved branches, hypogynous, actinomorphic, bisexual, greenish yellow in colour, highly scented, 3–4" across.

*Sepals*:—three, triangular, 0.2–0.3" long, valvate.

*Petals*:—Six, in two whorls of three each, fleshy, 1½–2" long, greenish yellow, concave at base, the inner whorl shorter than the outer.

*Stamens*:—numerous, arranged spirally on the thalamus, with short filaments.

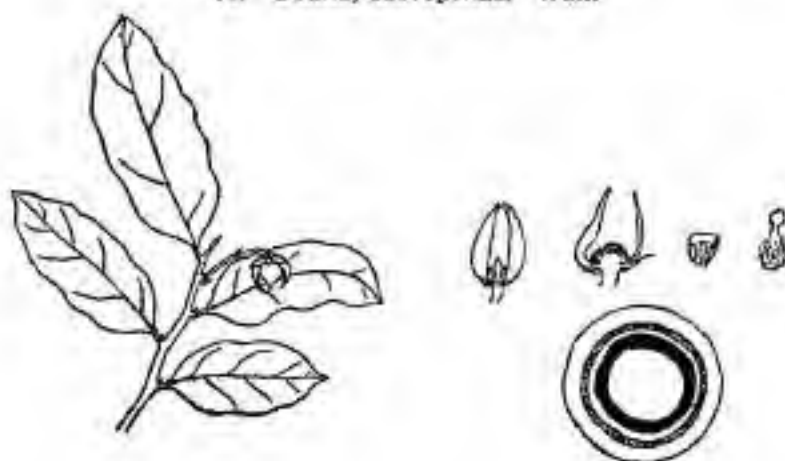
*Ovary*:—superior, polycarpellary apocarpous, the numerous carpels being arranged spirally on the top of the conical thalamus.

*Fruit*:—an aggregate of berries.

*Flowering time*:—September to November.

*Histological*:—The stem exhibits the woody type of arrangement of vascular bundles. Outside the ring of phloem is a ring of hardbast tissue. Just beneath the epidermis is a ring of collenchyma tissue also. Secondary thickening is normal. Leaf trace bundles are found in the cortex traversing whole internodes.

#### VI. *Unaria, subrependa*, Wall.



A shrub with slender branches, glabrous in older parts and slightly pubescent in young parts.

*Leaves*:—membranous, oblong-obovate, distichous, simple, pubescent beneath when young, 4—6" by 1 to 1½"; peduncles slender ¾ to 1" long.

*Flowers*:—borne extra-axillary, at the middle of an internode. Peduncles bearing 2, rarely more, flowers, in the axils of small, concave bracts. Regular, hypogynous and bisexual, slightly yellow in colour.

*Sepals*:—three, small, valvate, purplish coloured triangular 0.1 to 0.2" across.

*Petals*:—three, triangular, fleshy, ¾—1", valvate; yellowish.

*Stamens*:—numerous, arranged spirally.

*Ovary*:—Superior, of numerous, free, carpels which are arranged spirally on the top of the conical thalamus.

*Fruit*:—generally not developed.

*Flowering time*:—September to November.

*Histological*:—The stem exhibits the woody type of arrangement of vascular bundles. There is a very narrow ring of hardbast outside the phloem. Secondary thickening is normal. Leaf trace bundles are seen in the cortex which are found to extend throughout the internode.

**Studies in Sanskrit Texts on Temple Architecture  
with Special Reference to the Tantrasamuccaya**

**By**

**N. V. MALLAYYA**





## STANZA 61.

### *Intermediate Roofing.*

This stanza lays down the method for the construction of the roofing of the second tala when a third tala is to be raised above the second tala. The furnishing of an intermediate roofing is an indispensable and structural necessity in places like Kerala, where the seasonal rainfall is heavy during the large part of the year. To build the third Tala, an internal wall (the same which is raised for the construction of the second tala) should be raised. Now a roofing has to be given to the second tala, and, in order to construct the same, rafters have to be fixed. The 'Bāhyottara' and the 'Kūṭa' which constitute the support for fixture of both the lower and upper end of rafters are elements which will be absent when an intermediate roofing comes to be constructed. The Vivaraṇakāra thus observes:<sup>569</sup>

“वाद्योत्तरं नाडीगृहोत्तरमूर्ध्वकूटं च एतद्व्यमोत्तरतलयोरैव भवति ॥”

The 'Bāhyottara' or external 'uttara' is essential for securing the lower end of the rafters, and the 'Kūṭa' is necessary for securing their upper extremity. In such a circumstance as this, when a third tala is under construction, some device should be employed for the discharge of the function of the two elements 'Bāhyottara' and 'Kūṭa', which are absent from the second tala. The present stanza deals with such a device. Above the wall of the second tala, whose breadth at the top is less than that at the base by one-eighth, place an Uttara. Secure the upper extremity of the rafters into this Uttara. Then, project outside, the ends of the cross-beams (Tulās) which enter into the making of the ceiling of the first tala (i.e. beams of the lower tala which are situated where the first tala ends and the second tala begins). On these beam-ends plant posts (i.e. struts). Fix the lower extremity of the rafters on these struts raised to give the rafters support from beneath. These struts are called 'Tulāsthapādas' and are explained by the author of the Vivaraṇa in the words :—

569. *Tantrasamuccaya Vivaraṇa* (Ms. R. No. 1994. G.O.M.L., Madras).

“तुलाखपादेयिति—पूर्वतलतुलासूपरितलपादान्वितं वितनुयात् । तेषु पादेषु  
लूपां निवेशयेत् ॥”<sup>570</sup>

The length of the rafters suspended below from the Uttara will be half the height of the pillar of the tala for which the intermediate roof is being added. The *Tulāsthapādas*, according to a Kerala commentary,<sup>571</sup> are curved or bent, and in this design they lose the upright feature of a regular pillar. The curve which is given to project or extend outwards lends expansion of space between the posts and the Gala, and the large part of the Gala is thus thrown open to the gaze of the spectator. The curved posts which support the lower end of the rafters of the intermediate roof thus avoid what would otherwise result in a clouding of the ornamentations of the Gala through upright posts. Moreover, curve is a graceful design in itself and as such serves in its own way in the scheme of architectural beautification. The type of roofing described here will be most successfully and gracefully worked out when the material used is timber and as a matter of fact instances are not rare in Malabar where roofing of the above kind is found easily constructed in wood.

#### STANZA 62.

##### *Jāti Prāsādas.*

In the previous verse, the author has described the process of construction of the intermediate roof when a third tala is to be made. The details pertaining to the further talas are not given in the succeeding portion probably because such a treatment was not called forth by popular demand. *Mahāprāsādas*, as we have noted already, are rarely if ever met with in Kerala. The author therefore, in the following section, switches off to a mere enumeration of the number of floors and the odd and even measures which characterise the *Mahāprāsādas*. *Mahāprāsādas* are divided into four classes—*Jāti*, *Chandas*, *Vikalpa* and *Ābhāsa*—from the point of view of their measurement and the number of floors that they possess. In the present stanza, the author deals with the *Jāti* class. *Prāsādas* coming under the *Jāti* class will possess talas beginning with three and ending with twelve. (If we are to render the term ‘Tala’ by the expression ‘floor’, then, it must be borne in mind

570. *Ibid.*

571. Ms. R. No. 4. 128 Govt. Oriental Mus. Library, Madras.

that the number of floors is inclusive of the ground-floor). The *Jāti* class admits measure from 11 to 70 cubits. There are altogether 60 varieties of measure, 30 being odd and 30 even. The odd measures begin with 11 cubits and end with 69, and the even ones begin with 12 and end with 70. The odd measures 11, 13, and 15 are further characterised as *Adhama* (lowest), *Madhyama* (middling) and *Uttama* (highest) types respectively and the even measures that are similarly characterised as belonging to the *Adhama*, *Madhyama* and *Uttama* varieties respectively are 12, 14 and 16. This statement relates to the measures of the 3rd floor. The same method should be extended to the classification of measures of other floors into *Uttama*, *Madhyama* and *Adhama* types. The twelve floors (*talas*) with their odd and even measures of *Uttama*, *Madhyama* and *Adhama* types, will be arranged in the following table given below:—

No. of Talas.	Odd Measures.			Even Measures.		
	<i>Adhama</i>	<i>Madhyama</i>	<i>Uttama</i>	<i>Adhama</i>	<i>Madhyama</i>	<i>Uttama</i>
III.	11	13	15	12	14	16
IV.	17	19	21	18	20	22
V.	23	25	27	24	26	28
VI.	29	31	33	30	32	34
VII.	35	37	39	36	38	40
VIII.	41	43	45	42	44	46
IX.	47	49	51	48	50	52
X.	53	55	57	54	56	58
XI.	59	61	63	60	62	64
XII.	65	67	69	66	68	70

Each of the 10 classes of *Talas* (III to XII), it will be noted here, admits of 3 odd measures and 3 even measures, and the total varieties under each class of *Talas* amount to six. So the ten classes of *Talas* (from III to XII) admit of a total of 60 varieties. In the last quarter of the stanza the author prescribes the height that is generally given to

these 60 varieties coming under the *Jāti* class. It is as stated below: Divide the *vyāsa* (breadth) of the *Prāsāda* into seven parts, and add three parts thereof to the breadth prescribed. This will be the height. In other words the height is  $1\frac{3}{4}$  of the breadth. The commentator illustrates this rule with reference to the '*Dvādaśatalaprāsāda*'. Its (uttama) breadth prescribed is 70 cubits. Divide it into 7 parts and add 3 parts thereof to the breadth. It will give 100 cubits. The height of the *Dvādaśatalaprāsāda* of the *uttama* variety will consequently possess a height of 100 cubits. The commentator remarks<sup>572</sup>:—

“सप्ततिकरे प्रासादे शतकर उत्सेध इत्यादिक्रमेणावगन्तव्या इत्यर्थः ॥”

It will be recalled in this connection that the author has laid down four alternative proportions of height to all classes of *Prāsāda* in stanza 7, and they are: Height— $1\frac{1}{2}$  B,  $1\frac{1}{4}$  B,  $1\frac{3}{4}$  B, and 2 B. Of these four alternatives, it will be in consonance with good taste to select 2 B and prescribe it for the *Alpaprāsāda*. With regard to *Mahāprāsāda*, however, it might be remarked that, by virtue of its large measure, it does not necessarily require the last of the alternative proportions to acquire an imposing character. The first alternative  $1\frac{1}{2}$  itself will suffice for its height, and hence the author says that the generally accepted height for the 60 varieties of *Jāti Prāsāda* is  $1\frac{1}{2}$  B.

Other authorities, such as *Pitāmaha*, *Kāśyapa*, *Gurudeva* and *Maya* also deal with the different dimensions of the *Jāti* class of *Prāsādas*. They give the varied measures of breadth, height and the number of floors that characterise the *Jāti* and other classes of structure. Relevant extracts dealing with the classification of *Prāsādas* from these various authorities will serve to amplify the information contained in our text. A general tone of agreement is noticeable in the treatment of the topic by these several writers.

*Pitāmaha*, who is often found quoted in the *Gurudevapaddhati*, is quoted in the present context by the commentator *Śaṅkara*.<sup>573</sup> With reference to the *Jāti* class *Pitāmaha* states as follows:—

“हस्तसप्ततिविस्तरं शतहस्तोच्छ्रितं भवेत् ।  
उत्तमं द्वादशतलं विमानं जातिरुच्यते ॥

572. *Tentramuccaya* with *Vimānī* (T.S.S. Ed.), Part I, page 87.

573. *Ibid.*, pp. 87, 88.

भवेन्नवतिषष्टिभ्यां श्युतराभ्यां यथाक्रमम् ।  
 उच्चविस्तारयोः श्रेष्ठमेकादशतलं गृहम् ॥  
 उन्नतं चतुरशीत्या सप्तपञ्चाशदायतम् ।  
 श्रेष्ठं दशतलं धाम विशेषं जातिसंज्ञितम् ॥  
 उच्छ्रितं पञ्चसप्तत्या चैकपञ्चाशदायतम् ।  
 नवभौमं विमानं तु विशेष्यमतिशोभनम् ॥  
 षट्षष्ट्युच्चं तथा पञ्चचत्वारिंशत्समायतम् ।  
 हस्तानां कीर्तितं धाम जातिरष्टतलं शुभम् ॥  
 सप्तपञ्चाशदुत्तुङ्गं नवत्रिंशत्करायतम् ।  
 सप्तभौमं विमानं तु जात्यं सर्वफलप्रदम् ॥  
 त्रयस्त्रिंशत्करव्यासं चत्वारिंशद्विरुद्धैः ।  
 नवभिश्चोच्छ्रितं धाम षट्तलं परिकीर्तितम् ॥  
 नवत्रिंशत्करोत्तुङ्गं सप्तविंशत्करायतम् ।  
 पञ्चभौमं गृहं प्रोक्तं जातिमेवमुद्भवम् ॥  
 त्रिंशता चैकविंशत्या तुङ्गव्यासं चतुस्तलम् ।  
 एकविंशत्करोत्तुङ्गं दशपञ्चकविस्तृतम् ॥  
 त्रिभौमं भवनं प्रोक्तं मुख्यं जातिसमुद्भवम् ।  
 एवं त्रितलमारभ्य यावद्वादशभूमिकम् ॥  
 उक्तमानात् प्रतितलं ह्यस्येद् द्विकरं क्रमात् ।  
 मध्यमानि विमानानि भवन्तीह दश क्रमात् ॥  
 मध्येभ्यो द्विकरद्वासात् कनिष्ठानि पृथक् क्रमात् ।  
 संभवन्ति विमानानि तिमिरारितलाविह ॥  
 अथवा युग्महस्तैस्तु षोडशादिक्रमेण तु ।  
 सप्तत्यन्तर्विमानानि त्रितलादीनि वै दश ॥”

Gurudeva<sup>574</sup> closely follows Pitāmaha when he states :

“अथ द्वादशभौमादि यावत् तु त्रितलं भवेत् ।  
 प्रोक्तानां च विमानानामुत्तमादिप्रमेदतः ॥  
 उत्सेधव्यासमानं तु हस्तैः पृथगिहोच्यते ।  
 तत्रादित्यतलं श्रेष्ठं सप्तहस्तोच्छ्रितं भवेत् ॥  
 हस्तसप्ततिविस्तारं मुख्यं जात्यपि च क्रमात् ।  
 त्रिपष्टिहस्तविस्तारं त्रिनवत्युन्नतं तु यत् ॥  
 उत्तमेन तु मानेन स्यादेकादशभूमिकम् ।  
 तथा चतुरशीत्युच्चं सप्तपञ्चाशता ततम् ॥  
 दशभौमं स्मृतं धाम श्रेष्ठमानेन शोभनम् ।  
 पञ्चसप्ततिदुर्गं यदेकपञ्चाशता ततम् ॥  
 नवभौमं तु तन्मुख्यं यथायुक्तिं नियोजितम् ।  
 उच्चं षडधिकं षष्ट्या चत्वारिंशच्च पञ्च च ॥  
 कराणां विस्तृतं धाम भवेदष्टतलं शुभम् ।  
 सप्तपञ्चाशदुत्तुर्गं त्रिंशता नवकेन च ॥  
 कराणां विस्तृतं धाम सप्तभौमं प्रकीर्तितम् ।  
 त्र्यस्त्रिंशत्करव्यासं चत्वारिंशत्करैरपि ॥  
 नन्दहस्तैश्च यत्तुर्गं पञ्चभौमं तु तद्वदेत् ।  
 त्रिंशता चैकविंशत्या तुर्गव्यासं चतुस्तलम् ॥  
 प्रकृत्या चातिशयार्था त्रिभौमं तुर्गविस्तृतम् ।  
 एवं त्रितलमारभ्य यावद् द्वादशभूमिकम् ॥  
 उत्तमानात् प्रतितलं द्वासयेद् द्विकरं क्रमात् ।  
 मध्यमानि विमानानि भवन्तीह दश क्रमात् ॥  
 तद्वन्मध्यविमानानां द्वासेन द्विकरं पृथक् ।  
 कनिष्ठादिविमानानि सिद्धयन्त्या जगतीतलात् ॥

अथवा युग्महस्तैस्तु विकारकरमादितः ।  
 सप्तम्यन्तं विमानानि जाल्यादि प्रभवन्ति हि ॥  
 तान्यपि त्रितलादीनि भवन्त्यर्कतलान्तकम् ॥”

The views of Pitāmaha and Gurudeva may be tabulated as follows:—

Pitāmaha.			Gurudeva.		
Tala No.	Breadth.	Height	Tala No.	Breadth.	Height
12	70	100	12	70	100
11	63	93	11	63	93
10	57	84	10	57	84
9	51	75	9	51	75
8	45	66	8	45	66
7	39	57	7	39	57
6	33	49	6	33	49
5	27	39	5	27	39
4	21	30	4	21	30
3	15	21	3	15	21

These are the proportions prescribed for the Jāti buildings which have talas from 3 to 12, and which belong to the *uttama* type. In each class of talas the middling will be less by 2 cubits and the lowest still less by 2 cubits.

Structures having talas from 4 to 12, and having 27 odd alternative measures for its breadth, beginning with 17 cubits and ending with 69, and 27 even alternative measures, beginning with 18 and ending with 70, are described as the *Jāti* class in the *Kāśyapaśilpa*. There also under each Tala class there are three kinds of measure, belonging to the best, middling and lowest type. Corresponding to the breadth prescribed, there is also laid down height, the odd starting with 23 cubits, and the

even with 27, the increase being by 3 cubits. The table given below will illustrate the view of Kāśyapa:—

No. of talas	Odd Measures:—Breadth: Height.			Even Measures:—Breadth: Height.		
	Adhama	Madhyama	Utkṛṣṭa	Adhama	Madhyama	Utkṛṣṭa
4	17:23	19:26	21:29	18:27	20:30	22:33
5	23:33	25:35	27:38	24:36	26:39	28:42
6	29:41	31:44	33:47	30:45	32:48	34:51
7	35:50	37:53	39:56	36:54	38:57	40:60
8	41:59	43:62	45:65	42:63	44:66	46:69
9	47:68	49:71	51:74	48:72	50:75	52:78
10	53:77	55:80	57:83	54:81	56:84	58:87
11	59:86	61:89	63:92	60:90	62:93	64:96
12	65:95	67:98	69:101	66:99	68:102	70:105

This table is prepared in accordance with the directions furnished in the following lines of Kāśyapa<sup>575</sup> on Jāti Harṃya:—

“जातिहर्न्धमथो शृणु ।  
 सप्ताष्टादशहस्तादि द्विद्विहस्तविवर्धनात् ॥ १७ ॥  
 सप्ताशीतीति (सप्ततीति ?) हस्तान्तं सप्तविंशतिसंख्यया ।  
 चतुर्भूमिं समारभ्य यावदर्कतलं प्रति ॥ १८ ॥  
 तावद्विस्तारमाख्यातमुत्सेवं शृणु युवत ।  
 त्रिसप्तविंशदस्तादित्रिद्विहस्तविवर्धनात् ॥ १९ ॥  
 यावदाष्टहस्तान्तमुच्चं प्रागिव संख्यया ।  
 अथं मध्यमोत्कृष्टं व्यासोच्चं च क्रमोदितम् ॥  
 एवं जातिविमानं तु सप्तविंशतिवोदितम् ॥ २० ॥”

Similar direction is given in the *Mayamata*,<sup>576</sup> but the name of the class is not mentioned. Compare the lines from Maya quoted below:

575. Kāśyapadīpa (Ānandaśrama Series) Pāṭala XXIV, 17-21.

576. *Mayamata* (T.S.S. Ed.), XI, 10(2)—13(1).



“सप्ताष्टाधिकपङ्क्त्यादि द्विद्विहस्तविधनात् ॥  
 आसप्ततेष्वतुर्न्यूनादीनि त्रीणि मतानि च ।  
 सप्तविंशतिभेदानि द्वादशान्तान्यनुक्रमात् ॥  
 त्रिचतुर्विंशतिरत्नेषां विच्छत्करान्तकम् ।  
 त्रिद्विहस्तविवृद्ध्या तु त्रिनवोत्सेवमिष्यते ॥  
 एवमुत्कृष्टमानेषु श्रेष्ठमध्यावगं भवेत् ॥”

## STANZAS 63 &amp; 64.

*Chandas, Vikalpa, Ābhāsa.*

The 'Chandas', 'Vikalpa' and 'Ābhāsa' Prāsādas are referred to in these stanzas. The *Chandas* class will have from 4 to 12 talas. Each of the nine classes of talas will possess 6 different types of measures, three odd and three even, from the point of view of the *Uttama*, *Madhyama* and *Adhama* variation. The odd measures begin with 13 cubits and end with 65, and the even ones begin with 14 cubits and end with 66. The alternatives of *Chandas* will be 27 under the odd measure type and 27 under the even measure type, and the total number of alternatives constituted will be 54.

Similarly, on the basis of the odd and even measures beginning with 9 and 10 cubits and ending with 55 and 56 cubits, and talas beginning with 4 and ending with 12, *Vikalpa* Prāsādas will be of 48 different types. Beginning with the odd and even measures of 11 and 12 cubits and ending with 47 and 48 cubits, *Ābhāsa* Prāsādas will have from 4 to 12 talas. It will noted in this connection that, except in the 12 Tala type, the rest in *Ābhāsa* Prāsāda will have only the *Uttama* and *Adhama* variation. *Chandas* and *Vikalpa*, on the other hand, admit of all the three variations of *Uttama*, *Madhyama* and *Adhama*, and hence each Tala type, beginning with 4 and ending with 12, in *Chandas* and *Vikalpa* will allow 6 alternative measures. Thus *Chandas* will have a total of 54 varieties; *Vikalpa*, 48; and *Ābhāsa*, 38. Stanza 64 gives direction to this effect. Here (i.e. in the *Ābhāsa*), says the author, the Four Tala type onwards up to the Eleven Tala type (both inclusive), will have four varieties each; the last, namely, the 12th Tala type, will have six

varieties of Adhama, Madhyama and Uttama. The author, then, in the last quarter of this stanza sums up the section with the enumeration of the total types under each category. Thus he says, in the *Jāti* class, there are 60 types from the point of view of cubit-measures, in the *Chandas* 54, in the *Vikalpa* 48, and in the *Ābhāsa* 38. The tables given below will illustrate the 3 classes—*Chandas*, *Vikalpa* and *Ābhāsa*—as described by the author :—

## CHANDAS (54 VARIETIES 9×6)

Tala class	Odd measure types			Even measure types		
	Adhama	Madhyama	Uttama	Adhama	Madhyama	Uttama
4 talas	13	15	17	14	16	18
5 talas	19	21	23	20	22	24
6 talas	25	27	29	26	28	30
7 talas	31	33	35	32	34	36
8 talas	37	39	41	38	40	42
9 talas	43	45	47	44	46	48
10 talas	49	51	53	50	52	54
11 talas	55	57	59	56	58	60
12 talas	61	63	65	62	64	66

## VIKALPA (48 VARIETIES 8×6).

Tala class	Odd measure types			Even measure types		
	Adhama	Madhyama	Uttama	Adhama	Madhyama	Uttama
5 talas	9	11	13	10	12	14
6 talas	15	17	19	16	18	20
7 talas	21	23	25	22	24	26
8 talas	27	29	31	28	30	32
9 talas	33	35	37	34	36	38
10 talas	39	41	43	40	42	44
11 talas	45	47	49	46	48	50
12 talas	51	53	55	52	54	56

ABHASA (28 VARIETIES  $9 \times 4 = 36 + 2 = 38$ )

Tala class	Odd measure types			Even measure types		
	Adhama	Madhyama	Uttama	Adhama	Madhyama	Uttama
4 talas	11	..	13	12	..	14
5 talas	15	..	17	16	..	18
6 talas	19	..	21	20	..	22
7 talas	23	..	25	24	..	26
8 talas	27	..	29	28	..	30
9 talas	31	..	33	32	..	34
10 talas	35	..	37	36	..	38
11 talas	39	..	41	40	..	42
12 talas	43	45	47	44	46	48

Our author's treatment of 'Chandas' and 'Vikalpa' is in entire agreement with the description of the same found in the *Kāśyapaśilpa* and the *Mayanata*.<sup>577</sup> In the latter, however, additional information pertaining to the height is furnished.

Kāśyapa states :<sup>577</sup>—

“ छन्दमानमथो मृणु ।  
 त्रिचतुर्दशहस्तादि द्विद्विहस्तविधर्धनात् ॥  
 पञ्चषष्ट्यष्टहस्तान्तं व्यासं वै सप्तविंशतिः ।  
 वेदभूमिं समारभ्य भानुभूमावसानकम् ॥  
 अधमं मध्यमोत्कृष्टं मानानि स्युस्तलं प्रति ।  
 सप्ताष्टादशहस्तादि त्रिद्विहस्तविधर्धनात् ॥  
 पञ्चषण्णवतिर्यावदुच्चं प्रागिव सङ्क्षया-  
 (अधमं मध्यमोत्कृष्टं तुङ्गमेतत्तलं प्रति ॥)  
 छन्दमेवं समारूपात् ॥”

577. *Kāśyapaśilpa*, XXIV, 13-16 (*Ānandāśrama Series*); also vide TS. (T.S.S. Ed. Part I, p. 29).

Maya observes:<sup>578</sup>—

“त्रिचतुष्पङ्क्तिहस्तादि द्विद्विहस्तविवर्धनात् ॥  
 पञ्चषट्पङ्क्तिहस्तान्तं सङ्ख्यया पूर्वसंस्कृतिः ।  
 चतुस्तलविमानादि द्वादशान्तं विधीयते ॥  
 सप्ताष्टपङ्क्तेरारभ्य त्रिद्विहस्तविवर्धनात् ।  
 पञ्चषण्णवतिर्यावदुच्चं प्रागिव सङ्ख्यया ॥  
 श्रेष्ठमध्यकनिष्ठं स्यादेवं मध्यक्रमेषु च ॥”

Chandas as described in these lines may be illustrated in the following table:—

CHANDAS 54 VARIETIES (27 ODD AND 27 EVEN)  
 BREADTH : HEIGHT

No. of talas	Odd Measures			Even Measures		
	Adhama B:H.	Madhyama B:H.	Uttama B:H.	Adhama B:H.	Madhyama B:H.	Uttama B:H.
4	13:17	15:20	17:23	14:18	16:21	18:24
5	19:26	21:29	23:32	20:27	22:30	24:33
6	25:35	27:38	29:41	26:36	28:39	30:42
7	31:44	33:47	35:50	32:45	34:48	36:51
8	37:53	39:56	41:59	38:54	40:57	42:60
9	43:62	45:65	47:68	44:63	46:66	48:69
10	49:71	51:74	53:77	50:72	52:75	54:78
11	55:80	57:83	59:86	56:81	58:84	60:87
12	61:89	63:92	65:95	62:90	64:93	66:96

The description of 'Vikalpa' found in the *Kāśyapaśilpa* and the *Mayamata* likewise supports the statement of our author. Thus *Kāśyapa* says:<sup>579</sup>—

578. *Mayamata* (T.S.S. Ed.), XI, 13 (8)—15.

579. This text of *Kāśyapa* is quoted from the commentary of Śaṅkara, where Śaṅkara quotes it in support of the author's text. The last two lines are found missing in the Edition of the *Kāśyapaśilpa* of the Anandākrama Series. Vide *Kāśyapaśilpa*, Pt. XXIV, Str. 8-12.

“ विकल्पमधुना शृणु ।  
 नवपङ्क्तिकरात् पञ्चषट्पञ्चाशत्करान्तकम् ॥  
 द्विद्विहस्तविट्दद्या तु चतुर्विंशतिसङ्ख्यया ।  
 पञ्चभूमिं समारभ्य यावद्वर्कतलान्तकम् ॥  
 अधमं मध्यमोत्कृष्टं त्रयो भेदास्तलं प्रति ।  
 सप्ताष्टादिकनङ्क्त्यादि त्रिनिहस्तविट्पद्भिना ॥  
 षट्सप्ताधिकाशीत्यन्तमुच्चं प्रागिव सङ्ख्यया ।”

Compare the lines from the *Mayamata* given below:<sup>580</sup>—

“ नवपङ्क्तिकरात् पञ्चषट्पञ्चाशत्करान्तकम् ॥ १६ ॥  
 द्विद्विहस्तविट्दद्या तु चतुर्विंशतिसङ्ख्यया ।  
 पञ्चादिद्वादशान्तानां हर्म्याणां विपुलं क्रमात् ॥ १७ ॥  
 सप्ताष्टनवभूम्यानां धाम्नामुच्छ्रमागतः ।  
 युञ्ज्याद् द्वादशभूम्यन्तं विमानं मानविद्वरः ॥”

The following table will serve to illustrate the text:—

No. of Talas	Odd Measures B:H:			Even Measures B:H.		
	Adhama	Madhyama	Uttama	Adhama	Madhyama	Uttama
5 tala class	9:17	11:20	13:23	10:18	12:21	14:24
6 tala class	15:26	17:29	19:32	16:27	18:30	20:33
7 tala class	21:35	23:38	25:41	22:36	24:39	26:42
8 tala class	27:44	29:47	31:50	28:45	30:48	32:51
9 tala class	33:53	35:56	37:59	34:54	36:57	38:60
10 tala class	39:62	41:65	43:68	40:63	42:66	44:69
11 tala class	45:71	47:74	49:77	46:72	48:75	50:78
12 tala class	51:80	53:83	55:86	52:81	54:84	56:87

Total= 48 varieties.

580. *Mayamata* (T.S.S. Ed.), Ch. XI, 16<sup>(2)</sup>—18; (also vide the *Tatvasamuccaya*, Part I, p. 90 (T.S.S. Ed.)

With regard to the *Ābhāsa Prāsāda* the author's direction is in agreement with the direction given by *Pitāmaha* and *Gurudeva*. Thus *Pitāmaha* observes:<sup>581</sup>—

“एकादशकरासप्तचत्वारिंशत्करातो ।  
द्विदशवर्धनात् प्राम्बद्वन्विंशतिसङ्ख्याया ।  
चतुर्भौमादर्कभौमादाभासाख्यानि तानि वै ॥”

19 odd measures and 19 even measures make up a total of 38 different measures. The same lines are found in the *Gurudevapaddhati*.<sup>582</sup> There the third line reads thus:

चतुर्भौमाद्यार्कभौमादाभासाख्यानि तानि वै ।

These four—*Jāti*, *Chandas*, *Vikalpa* and *Ābhāsa*—constitute the classes of structures which are commonly known under the broad title “*Mahāprāsādas*,” and the chief basis of classification that is employed here is the dimension both vertical and horizontal, such as the breadth and height, and the number of talas that enter into the making of these different classes of structures. A comparison of our text with the several other allied texts reveals the authoritative character of the treatment, which is in consonance with the statement of the several authorities we have referred to and illustrated above.

#### STANZAS 65—70.

In these stanzas, the author states the formulas that are to be adopted in the determination of the shape of the ground-plan of the structure. Here, in all shapes—square, rectangular, hexagonal, octagonal, circular, elliptical; apsidal and the like—, the basic figure that uniformly presents itself in the formulas is the perimeter. The extent of the ground-plan is to be taken as fixed, and, after choosing a perimeter, the formulas are required to be applied to this chosen perimeter.

581. *Tantrasamuccaya* with *Vimarsinī* (T. S. S. Ed.), Part I, p. 99.

582. *Gurudevapaddhati*, (T. S. S. Ed.), *Uttarārḍha*, *Paṭala XXX*, 13(1).

The formula relating to the circular Prāsāda, etc., may be thus stated as follows :—

(1) *Circular Prāsāda*

$$\text{Radius of the circle} = \frac{P}{710} \times 113.$$

(2) *Rectangular Prāsāda*

$$\text{Breadth} = \frac{\frac{1}{2} \text{ perimeter}}{10} \times 4$$

$$\text{Length} = \frac{\frac{1}{2} P}{10} \times 6.$$

(3) *Hastiprāṣṭha type*.

$$\text{Length} = \frac{\text{perimeter}}{64} \times 63 \times \frac{4}{18}$$

$$\text{Radius of the semi-circle} = \frac{\text{perimeter} \times 63}{64} \times \frac{2}{18}$$

and so on . (P = Perimeter). Directions are further given with regard to elliptical, hexagonal and octagonal structures.

Having fixed any perimeter desired for the sanctum, the site of that desired size can be converted into any shape, having recourse to formulas. The adoption of the perimeter as the uniform basic standard in the formulas of any shape, tends to strengthen the view-point that square constitutes the fundamental shape, from which all other shapes can be derived or modified and with which all the other shapes may be associated directly or indirectly. This interesting feature, which the different formulas of shape reveal, deserves to be borne in mind in connection with the topic of shapes of structures.

## STANZA 71.

*Three Main Styles of Architecture—Nāgara, Drāviḍa, and Vesara.\**

After having described the shapes in general the author now deals with the three main styles of Indian temple Architecture known as 'Nāgara,' 'Drāviḍa' and 'Vesara.' Shape, pure or mixed, is the basis which the Indian authorities adopt in the differentiation of structures as Nāgara, Drāviḍa and Vesara. Structures are classified from various points of view such as their ornamentation, the number of their talas, their size and the like; but the classification on the basis of shape is the most ancient and important mode of differentiation. The authors of the *Suprabhedāgama*,<sup>583</sup> *Kāṁikāgama*,<sup>584</sup> *Mayamata*,<sup>585</sup> *Kāśyapaśilpa*,<sup>586</sup> *Gurudevapaddhati*,<sup>587</sup> *Mānasāra*,<sup>588</sup> *Śilparatna*,<sup>589</sup> etc., consider shape as the fundamental basis of classification of the styles of architecture. The statement of our author with regard to shape is perfectly clear. As described by the author, that edifice is known as 'Nāgara' which is square from the basement to the Śikhara (both parts inclusive); that which is hexagonal or octagonal from above the neck to the end of the Śikhara is 'Drāviḍa' (here, the shape of the portion below the neck as implied is square); that which is circular from the basement or from the neck is 'Vesara'. It deserves to be noticed here that 'Nāgara' is of the pure form, whereas the others admit of a mixture of shapes. Where the shape is of a composite character, the shape of the body portion, as implied in the description by several authors, is square, and it therefore may conveniently be held that the shape of the Śikhara is always the guiding factor in all instances of pure or mixed shape. Thus, if the Śikhara is square, it is 'Nāgara'; if faceted, 'Drāviḍa'; if circular, 'Vesara'. Here by shape of Śikhara we are inclined to understand the shape of the horizontal section of it, because such an interpretation

\*For a discussion at length on the three main styles vide my paper on 'Nāgara', 'Drāviḍa' and 'Vesara' contributed to the *Journal of the Indian Society of Oriental Art*, Vol. IX (1941 issue, now in the press).

583. *Suprabhedāgama*, Ch. XXX.

584. *Kāṁikāgama*, Ch. 49.

585. *Mayamata* (T.S.S. Ed.), Ch. XIX.

586. *Kāśyapaśilpa* (Anandāśrama Series).

587. *Gurudevapaddhati*, Uttarakāṇḍa, XXX.

588. *Mānasāra* (P. K. Acharya's ed.), XVIII.

589. *Śilparatna*, (T. S. S. Ed.), Vol. I; XVI.



tends to minimise the confusion that has crept into the discussions on the subject of Styles of Indian temple architecture. Further, it enables us to apply the definition of *Nāgara* given in architectural literature to the extant structures of North India, which are variously called by modern writers, 'Indo-Aryan' shrines, 'Āryāvarta' shrines, 'Nāgara' shrines, etc. Because of the bulging curvilinear form which the *Śikhara*s present it need not be supposed that it is outside the pale of the definition of *Nāgara* as set forth in the *Śilpaśāstras*. As Prof. Pisharoti remarks:<sup>590</sup> "its bulging or curvilinear nature is not the essential character of *Nāgara Śikhara*s, variously called the Indo-Aryan or *Āryāvarta* shrines; it is a subsidiary feature built into the square *Śikhara* as a matter of ornamentation in the course of the development of Indian architecture, and this explains the absence of the same in earlier structures of the *Nāgara* type in North India as also the later day shrines in other parts of India." The following observation might be noted in this connection:—

"All authorities are agreed that *Nāgara* shrines are characterised by a square *Śikhara*: in other words, it will be a pyramid on a square base, ending in a point. That this is the approved shape for *Nāgara* shrines is not merely a matter of theory, but is also something actually borne out in practice, as is seen in the extant architectural remains of the earliest as well as the latest structures. When it is said that the *Nāgara Śikhara* is a square, the idea is that any horizontal section of the same must be a square. This primary aspect being satisfied, it may have manifold shapes, and even the bulging curvilinear *Śikhara* can have a square base. Hence it has to be borne in mind that because a *Śikhara* has a bulging curvilinear outline, this particular feature need not be against the view of the traditional theorists. .... Now with this basic conception that every *Nāgara* shrine must have a square section, the variations in actual form may be manifold, based on a straight line or a convex line or a concave line; and every genuine *Nāgara* shrine, brought under the category of Indo-Aryan or *Āryāvarta*, or *Śikhara* shrine—if it may be rightly termed *Nāgara* shrine—must have this square section, whatever else it may or may not have."<sup>591</sup>

It is interesting in this connection to trace the origin and probable significance of the term *Nāgara* in view of the controversy that has

590. *Annamalai University Journal*, Vol. V, No. 2, 'Śikhara,' p. 214.

591. *Ibid.*, pp. 211, 212.

regard round the Styles of Indian Temple Architecture. Nāgara is that which is connected with 'Nagara' (नगरसम्बन्धि). The term 'Nagara' comes from the word 'Naga.' In the *vārtika* "नगवाहुवपुष्टुपुष्ट" under the *sūtra*<sup>392</sup> "अवदुहिपुष्पधोरः". Kātyāyana adds the affix 'ra' after the word 'naga'. The affix 'ra', it must be remembered, is used in the force of 'matup' which signifies 'nityayōga' (the inherent or permanent quality of a thing, or 'saṁsarga' (association). The term 'Nagara' is derived as "नगाः सन्ति अस्मिन्निहि" and it is employed in ordinary literature in the sense of a 'town.' What is the meaning of 'naga' in 'Nagara'? The word 'Naga' in 'Nagara' (town) probably implies 'house', and it is not improper to call a town 'Nagara' in that it is marked by the presence of houses\* which are firm like 'nagas'. This interpretation is not inconsistent with the etymological derivation of 'naga' as "न गच्छतीति नग." A house does not move, and immobility is one of the chief attributes of architecture. If we are permitted to speculate further, we might associate the sense of trees in the derivation of 'Nagara' and presume that ultimately 'Nagara' tends to suggest the style of building evolved out of intense and constant practice in the material 'wood', for 'Naga' also means 'tree.' It is held almost universally that in a country which is so rich in timber like India, the original and extensive material used in the construction of houses was 'wood'. The 'Parnakadālās' of the sages of old were transformations into forms of huts or humble dwellings of the materials which the trees yield. In simple structures of the kind, trunks were used for posts and beams and leaves were employed for plaiting and covering. In the construction of temples too wood was the material largely employed in ancient times. Timber tends to give straight lines, and consequently the structure where wood is the material that is chiefly employed, assumes necessarily square or rectangular shape. This is only a natural process, the inevitable result of evolution, as architectural species adapt themselves to the materials largely used. Straight feature, which is the expression of the inherent quality associated with wooden species of construction, and which is suggestive of the idea of firmness of structure, later on became systematised into square or rectangular style of structure, known as 'Nagara'. The term 'Naga' (tree) in Nāgara may be taken as indicative this inherent rectangular feature of wooden construction. It is no

392. Pāṇini's *sūtra*, 3, 2, 107.

\* नगा इव शलाकादयः सन्ति यव (Śabdakalpadrūpa, Vol. II, p. 817).

doubt difficult to assert this way or that about the origins of style; but this much may be said, that style is formed and moves within certain psychological currents. "Style in architecture", as John Summerson remarks,<sup>593</sup> "is ultimately a matter of the unconscious associations developing round structural forms." Thus square or rectangular form of construction associated with the form of wooden buildings ultimately resulted in the square style of construction known as 'Nāgara.' This square aspect, which is originally the inherent feature of wooden construction, at a later stage came to be translated in stone and brick, and it is at this stage of development that the bulging curvilinear line was introduced. The bulging nature has thus to be taken as an instance of further elaboration of the square style, sprung out of the tendency to elaborate and modulate and ornament the original structural forms. This curvilinear and bulging aspect is divorced from the functional background of a roof in the case of the North Indian shrines characterised by their bulging curvilinear type of Śikhara. It constitutes a sub-variety of the Nāgara style of Śikhara, whose fundamental shape is square. Being a later day addition, it should not be confused with the origin of the square and pyramidal Śikhara. Elaborations and additions were, no doubt, introduced in the form of the bulging curvilinear lines, but they leave the inner foundational shape unchanged and the square phase of architecture which the horizontal section of the curvilinear variety of 'Nāgara Śikharas' displays remains untouched. Thus the curvilinear types of 'Nāgara Śikharas' of North Indian can be brought under the 'Nāgara' class defined in the *Śilpaśāstras*, if by the shape of Śikhara we mean the shape at the horizontal section of the Śikhara or the inner section shorn of the later modifications and additions in shape. The fundamental square section of Nāgara may be attributed to the inherent quality of the material wood, if we grant the supposition that the structures which gave significance to ancient cities were originally of wooden make.

Based on a wrong rendering of the term 'Yugāśra' as 'two-cornered'<sup>594</sup> Dr. Gravelly and Mr. Ramachandran remark that Śrikumāra, the

593. "The Arts of To-day" (ed. Geoffrey Grigson) [The Bodley Head], Section on Architecture, p. 280.

594. "Three Main Styles of Indian Temple Architecture" by Gravelly and Ramachandran (Bulletin, Madras Govt. Museum, New Series, General section, Vol. III, Pt. 1), pp. 3 and 5.

author of the *Śilparatna*, is confused in his account of 'Nāgara'. The author of the *Śilparatna*, as usual in other contexts, follows our author and adopts the present stanza in his work with slight change in the reading of two expressions. Thus 'Mūladyā śikharam' is read in the *Śilparatna* as 'Mūlādā śikharam' and पृथगात्कलस्म विदध्यात् as पृथगात्कलस्म दृविदध्यात्. It is clear beyond doubt that the text attributed to Śrīkumāra is originally the text of the *Tantrasamuccaya*. After quoting and translating two stanzas which define 'Nāgara', the authors of the "*Three Main Styles of Indian Temple Architecture*" remark: "Both the definitions of Nāgara agree with those of the *Mānasāra* and *Suprabhedāgama* in saying that the characteristic shape extends from bottom to the top; but both give this shape as "two-cornered". So far as we know, "two-cornered" can only relate to an apsidal building; but of this there is here no further indication, and Nāgara is the only style in which such buildings are *not* mentioned in the *Mānasāra* definitions. Obviously the *Śilparatna* account is confused and we suspect etc."<sup>595</sup> Here, it deserves to be remembered that the term 'Yuga' is used not in the sense of two, but in the sense of four (this *saṅkhyāśāstra* symbolising the number four having reference to the four Yugas—Kṛta, Dhṛta, Dvāpāra and Kali). The commentator Śaṅkara paraphrases "युगाग्रवितम्" in the words "चतुरङ्गुलेन कृतम्"<sup>596</sup>. There is thus no room for doubt as to the interpretation of Yuga in the sense of four, and the slur cast on Śrīkumāra is obviously unfounded and based on the wrong interpretation of Yuga in the sense of two. The description of Nāgara as square style, given in our text and as accepted by Śrīkumāra, squares with the definition of Nāgara found in the works of other authors. The statement of Śrīkumāra—"सर्वणि सवदेसेषु भवन्तीत्यपि केचन ॥"<sup>597</sup> appears to us as a mere record of the fact that all styles are found practised in all parts, and that they should not be confined rigidly within the limits of geographical divisions of the country. The main basis of classification being shape, much stress need not be laid on geographical implications. In the same place different styles are found practised side by side. The temples of Mahābalipuram may be cited as one such instance in point. In Kerala the square and circular styles are very commonly met with.

595. *Ibid.*, p. 5.

596. *Tantrasamuccaya* with *Vimarsini* (T. S. S. Ed.); Part I, page 92.

597. *Śilparatna* (T.S.S. Ed., Vol. I), XVI, 44<sup>(2)</sup>.

As examples of some of the types, the following references may be noted :—

*Nāgara style*.—Natarāja Temple, Chidambaram. (Vide Plate I, Fig. XI, Annamalai University Journal, Vol. V, No. 2, Article on Śikhara); Kitholi Temple, Cranganore, and Śiva Temple, Trichur (*Ibid.*, Pl. II, figures XII, XIII).

*Drāviḍa Style*.—The great temple at Tanjore (Pl. I, Fig. X). Mahābalipuram group (Plate IV. A. U. Journal).

*Vesara Style*.—The central shrine at Trichur, and the shrine at Irīñjālakkuḍa. (Pl. III, Figs. XIV, XV).

*Hastiprsthā Style*.—Mahābalipuram temple—(plate IV, Figs. XVI, XVII (Annamalai University Journal, *Ibid.*); Kapoteśvara temple at Chezarla (Annual Report of Archaeological Department, Southern Circle, Madras, 1917—18, Plate XVII), and Avantēśvara temple at Udipi (*Ibid.*, Rept—1920-21. Fig. 2).

*Caturāśra, Aṣṭāśra and Dīrghacaturāśra*.—grouped side by side at Māmalapuram (Vide Annamalai University Journal Vol. V, No. 2, Article on Śikhara, Pl. IV, Fig. XIV).

If we compare the *Mānasāra* with our text in the matter of details, in this context, it will be found that with regard to the combination of shapes, the *Mānasāra* is more elaborate than the *Tantrasamuccaya*. The text of the *Mānasāra* on 'Nāgarādiviḍhāna' as presented in P. K. Ācārya's edition needs to be emended in many places in order to make it yield the ideas in respect of which there is consensus of opinion among the different authorities. In a recent article on 'Mānasāra on Nāgarādiviḍhāna' Prof. Pisharoti has attempted to present an emended text and translation as follows :—

“ चतुरश्राकृतिं यत्तु नागरं तत् प्रकीर्तितम् ।

मूलाद्वा वृत्तमाकारं तदवृत्तायतमेव वा ॥

ग्रीवादित्स्तूपिपर्यन्ते ग्रीवस्वाधो युगाश्रकम् ।

आमूलाग्रं द्वाश्रकं वा वेसरीनामकं भवेत् ॥

मूलाद्वा स्तूपिपर्यन्तमष्टाश्रं वा षडश्रकम् ।

तदेव चायतं वापि ग्रीवस्वाधो युगाश्रकम् ॥

पूर्ववच्चोर्ध्वदेशं स्वाद्ग्रीवादिष्टं परिकीर्तितम् ॥”

(Lines 93 to 99).

- " (93) That which has a square shape is well known as *Nāgara*,  
 (94) What is circular or ellipsoidal from the base (upwards)  
 (95) Or from above the neck to the finial, the part below being square;  
 (96) Or what is apsidal from the base to the top may be termed *Vesara*,  
 (97) From the base upwards to the finial what is hexagonal or octagonal,  
 (98) Or the same elongated; or what has the part below the neck square,  
 (99) That above being as laid down before, is termed *Drāviḍa*.<sup>698</sup>

The different shapes which characterise the various styles according to the several authorities like the *Kāmkāgama*, *Suprabhedāgama*, *Mayamata*, *Kāśyapaśilpa*, *Gurudevapaddhati*, *Mānāsāra* and *Tantrasamuccaya* may be tabulated as follows:—

Texts.	Styles.					
	Nāgara		Drāviḍa		Vesara	
	Pure.		Pure.	Composite	Pure.	Composite
	Body and Śikhara.		Body and Śikhara.	Body: Śikhara	Body and Śikhara.	Body: Śikhara
1. <i>Kāmkāgama</i>	Sq.; rect.		H.; HE.	Sq.; Oct.	C.; Ell.	Sq.; C.
2. <i>Suprabhedāgama</i>	Sq.			Sq.; H.		Sq.; C.
3. <i>Kāśyapaśilpa</i>	Sq.			Sq.; Oct.		Sq.; C.
4. <i>Mayamata</i>	Sq.; Rect.		H.; Oct.; HE.; OE.	Sq.; Oct.	C.; Ell. Ap.	Sq.; C.
5. <i>Gurudevapaddhati</i>	Sq.; Rect.		H.; HE.; O.; OE.	Sq.; Oct.	C.; Ell. Ap.	Sq.; C.
6. <i>Mānāsāra</i>	Sq.		H.; HE.; O.; OE.	Sq.; H.; Oct.		Sq.; C. Sq.; Ell. Sq.; Ap.
7. <i>Tantrasamuccaya</i>	Sq.			Sq.; H.; Oct.		Sq.; C.

[Here Sq.=Square; Rect.=Rectangle; H.=Hexagon; H.E.=Hexagon elongated; Oct.=Octagon; OE=Octagon elongated; C.=Circular; Ell.=Ellipsoidal; A=Apsidal].



It will be clear from the above table that Nāgara, according to all authorities, is always a purely four-sided structure which may be square or rectangular, and that wherever that shape is of a mixed character, the body portion will be square. Shape of the Sikhara therefore might be said to constitute the fundamental basis of classification of style according to architectural authorities in India.

*Vesara*:—The term '*Vesara*' in its primary significatory capacity means 'a mule.' In architectural literature it is used figuratively to convey the sense of circular style of construction. *Vesara* or mule is a product of the combination of horse and ass, and while it is thus a product it does not reproduce. In the conception of Hindu builders a circle is a derivation from the fundamental square through an increase in the number of sides and elimination of corners; and while it is thus a derivation, it does not form the basis of any transformation in shape. The *Tantrasamuccaya* (II, 125) in the wake of the *Māñjarī* in the course of the description of the square base, the octagonal middle and circular top of a *Līṅga* directs the designing of the octagonal and circular sections as follows:—

“तुर्यांशे सुसमे प्रसर्गं मुजसूत्रं कर्णसूत्राध्वना  
तस्यान्तादितलक्ष्मसु मतिदिशं द्वे द्वे मुजसूत्रके ।  
कृत्वा तद्द्वयमध्यसंस्थितचतुष्कोणानि संशोध्य सा—  
ध्वयांश्च विदधीत वृत्तमपि तद्द्वयप्राथम्यादिक्रमात् ॥”

(The stanza has been explained and illustrated in my paper on *Nāgara, Drāviḍa* and *Vesara* in the *J.I.S.O.A.*, Vol. IX).

#### Accessory Structure—'Aṅgas'

Prof. Pisharoti<sup>595</sup> observes that the *Sanctum Sanctorum* is the central 'Aṅgin' on which the architect spends his thought and skill, while every subordinate structure figures as an 'Aṅga' or appendage. The accessory structures in their disposition bear a due sense of proportion to the central shrine. We might consequently remark that the importance of the *Sanctum Sanctorum* is 'absolute', while that of the other structures associated with it is 'relative' or 'subordinate'.

595. "Some Architectural conventions of South India," vide the *Cultural Heritage of India*, Vol. III, p. 527.

## STANZA 72

*Mukhamandapa*

The Mukhamandapa which is described in the present stanza is the ante-chamber, the porch constructed in front of the cell that holds the image. The Vivaranakāra remarks that it is built in response to the requirement of additional structural expansion. Its dimensions bear a fixed sense of proportion to the 'Dhāman' or the principal edifice. In the text, five alternative proportions are prescribed for the breadth of the Mukhamandapa. Thus the breadth of the Mukhamandapa may be  $\frac{1}{2}$ ,  $\frac{3}{8}$ ,  $\frac{1}{2}$ ,  $\frac{1}{10}$ , ( $\frac{1}{10}$  or  $\frac{1}{12}$ ) of the vistāra of the principal structure. The author of the *Silparatna* in his extract gives the reading अङ्ग for अङ्ग. Aṅgas are 6, and the proportion  $\frac{1}{10}$  i.e.  $\frac{3}{8}$  is a mere repetition of what has already been referred to as  $\frac{3}{8}$ , and hence the fourth alternative should be different. K. Nilakanthan Aśāri, in a vernacular text known as '*Silpiratna*,' refers to the four proportions given in our text, and also gives  $\frac{3}{8}$ . If we accept this proportion  $\frac{3}{8}$  as the fourth alternative proportion, then we evade what otherwise sounds like a repetition. The length of the Mukhamandapa, according to the text, is half, three-fourth of, or equal to the breadth of the central shrine. The following statement is found in the *Silparatna*, which characterises the alternative proportions as belonging to the lowest, middling and the best types:—

“हर्म्यतार्षिणानं तु कन्यसं मुलमण्डपम् ।  
हर्म्यतार्षिणं श्रेष्ठं त्रिपादं मध्यमं पुनः ॥”<sup>600</sup>

## STANZA 73

*The Pañcaprākāras*

The author in this stanza refers to the five-fold division of the temple area that surrounds the *Sanctum Sanctorum*. There are five enclosures called 'Pañcaprākāras' and, beginning with the innermost and ending with the outermost limit, they are known as Antarmandala, Antahārā, Madhyahārā, Bāhyahārā and Maryādā. The five Prākāras,

600. *Silparatna* (T.S.S. Ed.), Ch. XXXIX, 2.



according to vernacular commentators, are known by the following vernacular terms:—(1) 'Akatte Baliyaṭṭam,' (2) 'Cuttambalam' or 'Nālabalam,' (3) 'Viṭṭakumāḍham,' (4) 'Śivelippura,' and (5) 'Puramati' in order. The *Antarmanḍala* as the term indicates, is the internal circle and its margin marks the seat of the internal 'Dīpālas' or guardians of the quarters. 'Antahārā' is the quadrangular structure which runs round the shrine and beyond the margin of *Antarmanḍala*. Beyond 'Antahārā' is situated the 'Madhyahārā', which is a circumambulatory roofed structure carrying all around rows of lights, usually arranged in nine tiers. These lights adorn and illumine, when lit, the outer face of its wall. The Malayālam term 'Viṭṭakumāḍham', which means lighthouse, brings out the utilitarian motif of this structure, which is to hold the tiers of lights referred to above. The enclosure beyond the *Madhyahārā* is the *Bāhyahārā* along whose line the external *Dīpālas* are situated. The 'Baliṭṭha', or Oblation-stone, is placed in its outer limit. Malayālam commentators identify it with 'Śivelippura', which is a structure intended as a processional path round the sanctum beyond the *Madhyahārā*. The outer line of *Bāhyahārā* forms, however, the seat of the external *Dīpālas*, to whom oblation is offered during annual festive occasions. 'Māryādā' is the outermost limit of the temple area, and in this fifth and final boundary or enclosure is built a massive wall which surrounds the sanctum. This surrounding wall is broken at the main quarters by gateways called 'Gopuras'. These are the five enclosures, one beyond the other, whose disposition forms the subject matter of the section that follows. The present stanza prescribes the distance which each enclosure is to keep from the central shrine. Half a *Daṇḍa* from the *Mūlaprāsāda* constitutes the *Antarmanḍala*, which is the seat of the 8 *Dīpālas*; one *Daṇḍa* or one *Daṇḍa* and a half, the *Antahārā*; two *Daṇḍas* off, the *Madhyahārā*; four *Daṇḍas* off, the *Bāhyahārā*; and seven *Daṇḍas* away from the *Mūlādhaman*, the final boundary known as 'Mahāmāryādā.' This last, viz., *Mahāmāryādā*, may be alternatively 21 *Daṇḍas* away from the central shrine. All *Prākāras*, except the first, namely, *Antarmanḍala* and the last *Mahāmāryādā*, will be accompanied by a 'Mukhāyāna' or facade.

The term 'Daṇḍa' referred to here is used in a special sense and is distinct and different from 'Daṇḍa' which is the top-measure of a pillar. The significance of *Daṇḍa* employed here to measure the disposition of the enclosures is explained in the next verse.

The five Prākāras referred to here are also referred to in allied texts like the *Viṣṇusamhitā*, *Pāśupata*, *Mañjavī*, *Garudeśapaddhati*, and *Mānasāra*.

The *Viṣṇusamhitā*<sup>601</sup> thus states:

“अन्तर्मण्डलदण्डार्धदण्डे स्वादन्तहारका ।  
मध्यहारा द्विदण्डा च चतुर्मर्यादभित्तिः ॥  
सप्तदण्डायता कार्या मर्यादा भित्तिः ततः ।”

This text is from the Trivandrum Edition. The relevant text, which reads better, is supplied by Śaṅkara in his *Vimarsinī*, and it runs as follows:<sup>602</sup>

“अन्तर्मण्डलदण्डार्धे दण्डे स्वादन्तहारका ।  
मध्यहारा द्विदण्डा च चतुर्मर्यादभित्तिः ॥  
सप्तदण्डायता कार्या मर्यादा महती तथा ।”

The text may thus be tabulated:—

Antarmanḍala	..	½ a Daṇḍa from the shrine.
Antahārā	..	1 Daṇḍa from the shrine.
Madhyahārā	..	2 Daṇḍas from the shrine
Maryādabhitti	..	4 Daṇḍas from the shrine
Mahāmaryādā	..	7 Daṇḍas from the shrine

With regard to the last two structures referred to in the list there is slight discrepancy in the nomenclature adopted. What the author of the *Tantrasamuccaya* calls ‘Bāhyahārā’ is termed ‘Maryādabhitti’ in the *Viṣṇusamhitā*. What is called merely ‘Maryādā’ in our text is termed ‘Mahāmaryādā’ in the *Viṣṇusamhitā*.

601. *Viṣṇusamhitā*, Paṭala XIX, Ślo. 24, 25<sup>(1)</sup> (T.S.S. Ed.).

602. *Tantrasamuccaya* with *Vimarsinī* (T.S.S. Ed.), Part I, p. 93.

The following stanza is found in the *Mañjarī*<sup>603</sup> :—

“ अन्तर्मण्डलमष्टमूर्तिनिलयं दण्डार्धतः सम्मितम् ।  
दण्डे तत्पुरतोऽर्धदण्डसहिते स्यादन्तहारा गृहात् ॥  
दण्डैर्वापि तदेकविंशसहिते स्नानाभ्यहारा तथा ।  
मर्यादा महती च भित्तिरदिता दण्डोऽत्र धानोत्तरम् ॥”

In the *Vimarsinī* the following extract from the *Pāśupata*<sup>604</sup> is found :—

“ सप्तसीमासमायुक्तं स्थानं सर्वदिबौकसाम् ।  
अन्तर्मण्डलमाद्यं स्याद् दण्डार्धे जगतीस्यलात् ॥  
तस्मादप्येकदण्डान्ते चान्तहारा गृहाद् बहिः ।  
मूलस्थानाद् द्विदण्डान्ते दीपशाला सुशोभना ॥  
नीचहारां ततः कुर्याद् दण्डार्धे भित्तिरुज्ज्वला ।  
मध्यहारा चतुर्दण्डे मर्यादा सप्तसंमिते ॥  
एकविंशतिदण्डान्ते महन्मर्यादभिचिका ॥”

Here it will be noted that the *Pāśupata* lays down 7 boundaries as the surrounding enclosures of a shrine: (1) *Antarmaṇḍala*, (2) *Anta-bārā*, (3) *Dīpāla*, (4) *Nīcahārā*, (5) *Bhitti*, (6) *Madhyahārā*; (7) *Maryādā*, or *Mahāmaryādabhitti*. The last ‘*Mahāmaryādabhitti*’ is so called because it keeps the largest distance (of 21 *Daṇḍas*) from the central shrine.

The *Mānasāra*<sup>605</sup> describes the functions of these five *Prākāras* in the following stanza :—

“ वर्यर्थं परिवारार्थं शोभार्थं रक्षणार्थकम् ।  
पञ्चप्रकारहर्म्भार्णामधुना वक्ष्यते क्रमात् ॥”

The five enclosures, according to the *Mānasāra*, are to be made to serve different functions like the offering of oblation, attendances, imparting of splendour and giving of protection—all these consistent with the ideal of divine service which under the *Tāntric* aspect as illustrated above commands regal honour and glory.

603. *Prapogamañjarī*, Patala VI. (Ms. Adyar Mss. Library).

604. *Tantrasamuccaya* with *Vimarsinī* (T.S.S. Ed.), Part I, p. 93.

605. *Mānasāra*, Ch. XXXI, Stanza 1.

The *Mānasāra*<sup>606</sup> enumerates the five Prākāras in the following stanzas quoted below :—

“ आदिशालां ततः कुर्यादन्तर्मण्डलमीरितम् ।  
 द्वितीयमन्तहारा च मध्यहारा तृतीयकम् ॥  
 प्राकारं तच्चतुर्थं च कथितं तन्मयादिकम् ।  
 ततः पञ्चमशाला च महामर्यादमीरितम् ॥  
 पञ्चशालामिति प्रोक्तं तन्त्रविद्धिः पुरातनैः ॥”

Gurudeva<sup>607</sup> also refers to the 5 Prākāras in the following verses;—

“ प्रासादमवनादीनां रक्षालङ्कारसिद्धये ।  
 वप्राणि कमलः कुर्यात् पञ्चत्रिद्वयेकसङ्ख्यया ॥  
 तत्रान्तर्मण्डलं त्वाद्यमन्तहाराय तद्द्विहिः ।  
 मध्यहारा च मर्यादा महामर्यादिकं ततः ॥”

#### STANZA 74

##### *Daṇḍa and Mukhāyāma described*

The measure known as 'Daṇḍa' which is referred to in connection with the measurement of the Pañcaprākāras is defined in the present stanza. It is the Vyāsa of the uttara, or of the Kumuda or of the Pāduka. 'Vyāsa' is the breadth, and this consists of the distance between the uttaras placed opposite to each other in the case of 'uttara Daṇḍa'; in other words, it is the breadth of the outer uttara itself. This Vyāsa of the uttara is the first kind of Daṇḍa. Similarly, the breadth of the Kumuda gives the second kind of Daṇḍa and the breadth of the Jagati the third type of Daṇḍa. Thus three types of measures are prescribed, which characterise three kinds of Daṇḍa, and they are referred to above as 'Uttara-Daṇḍa', 'Kumuda-Daṇḍa' and 'Pāduka-Daṇḍa.' The applicability of these three units of measures is also laid down, and any one

606. *Ibid*, Stanzas 6, 7, 8.

607. *Gurudevapaddhati*, Uttarārḍha, Paṭala XXXV, 44, 45.

which is chosen must start its measure from that place from where it derives its name. Thus, if it is the Uttara-Daṇḍa that is employed, the measurement must start from the outer-limit of the Uttara; if it is Kumuda-Daṇḍa, from the outer-limit of the Kumuda; and if it is Pāduka-Daṇḍa, from the limit of the Pāduka. In other words, the direction urges that the use of any one of the three kinds of Daṇḍa measure must be made from the outer extent of that part with which particular Daṇḍa is found associated and from which it takes its distinct nomenclature.

The three classes of Daṇḍa are characterised by a slight variation in their measure, and this variation is in accordance with the difference that marks the measurement of the three parts, 'Uttara,' 'Kumuda,' and 'Pāduka'. It will be noted here that the Kumuda, possesses a larger measure than the 'Uttara'. Of all the three, the Pāduka is the largest and the Uttara the smallest. The length of the Mukhāyāma, or facade, is next described in the latter part of this stanza. The measure of the Mukhāyāma may be one, one and a quarter, one and a half, or one and three-fourths of a Daṇḍa. The Mukhāyāma whose measure is here laid down is the one which is prescribed for the Antahārā, Madhyahārā and Bāhyahārā. The proportion of the Mukhāyāma which our author has stated is supported by the following reference to it from the *Viṣṇusamhitā* and *Pāśupata*.

The *Viṣṇusamhitā*<sup>608</sup> observes:—

“मुखायामस्त्रिभागेन पादेनार्धेन वा पुनः ॥”

*Pāśupata* states<sup>609</sup>:—

“अर्धेन पादहीनेन समस्तेनोत्तरेण तु ।”

#### STANZA 75

In this stanza the author treats of the outer-limit of the first Prākāra and the location of Balipīṭhas. Eight are the Dīkpālas, who are supposed to guard and preside over the eight quarters consisting

608. *Viṣṇusamhitā*, Paṭ. XIX, 26 (T.S.S. Ed.).

609. *Pāśupata* quoted in *Vimarśinī* of the *Tantrasamuccaya*, Part I, p. 94. (T.S.S. Ed.).

of four 'Diks' (main sides) and four 'Vidiks' (corners). The eight Dikpālas are referred to in the following stanza<sup>610</sup>:—

“इन्द्रो यमश्च वरुणः सोमोऽग्निर्निर्वृतिस्तथा ।

वायुरीशान इत्यष्टौ लोकपालास्तु तद्वदिः ॥”

Indra is the guardian of due East; Yama, of due South; Varuna, of due West; and Soma, of due North. Agni is the lord over the South-East; Vāyu, over the North-West; and Isāna, over the North-East; Nirṛti, over the South-West. To these eight Dikpālas is offered oblation on festive occasions, and the oblation-stones dedicated to these guardians of quarters are known as 'Balipīṭhas.' Corresponding to the eight Dikpālas, there are eight oblation stones and their exact disposition is described in this verse. The top-measure of the Balipīṭha must be divided into five parts, and the Balipīṭha should be so situated that three parts thereof should come inside the boundary line of the Antarmāṇḍala and two parts outside it. The eastern and southern Dikpālas will lie in their own sūtras, while others of the West and North will be shifted slightly in the circumambulatory direction. The Vivarapakāra<sup>611</sup> remarks in this connection:—

पश्चिमोत्तरदिक्पालाश्चत्वारः । तस्मिन् सूत्र एव किञ्चिद्व्यादक्षिण्येन प्रतिमाङ्गुलादि-  
मानेन गमयितव्याः ॥

Isāna and Indra are Prācīyas, and Agni and Yama are Avācīyas. These Prācīyas and Avācīyas should remain in their sūtra, but the rest must be shifted slightly from their sūtra. The amount of shifting, as stated in a Malayalam commentary<sup>612</sup> and as supported by the *Vīṣṇusāṃhitā*, is the same as the distance that subsists between the eyes of the Pīṭha. Thus the Balipīṭha, to be situated in the western line should be so moved northwards that the right eye of the Pīṭha, on that line should keep line with the right eye of the opposite Pīṭha, which is situated in the eastern direction and which is described as facing the western direction. If all the Pīṭhas are situated exactly in the same line, then the right eye of each Pīṭha will meet the left eye of the Pīṭha that faces it from the corresponding opposite direction. By a slight movement in the circumambulatory

610. *Vīṣṇusāṃhitā*, Pt. XXIII, Stanzas 9.

611. *Tantvamanuccapāṭisāraṇa*, R. No. 1394 Ms. (G.O.M.L., Madras).

612. Ms. R. No. 4.128 (G.O.M.L., Madras).

direction of the Western and Northern Pīṭhas, as described above, the right eye of one will meet the right eye of the opposite that faces it. In the last quarter of the stanza the author lays down that the eastern and southern guardians of quarters which lie in their sūtras, and the others which are shifted slightly in the circumambulatory direction—both these will face the main quarters and one another. Accordingly Īśāna, Indra and Agni will face the western direction; Nirṛti, Varuṇa and Vāyu the eastern direction; Soma the southern direction and Yama the Northern direction. Again, each will face the other on the opposite side. Thus Indra will face Varuṇa, and Varuṇa, Indra; Agni will face Nirṛti, and Nirṛti, Agni; Yama will face Soma and Soma, Yama; Vāyu will face Īśāna and Īśāna, Vāyu. The idea underlying this rule of facing is that no guardian of quarters should be made to face the corners. Īśāna and Nirṛti, Agni and Vāyu, for instance, should not be allowed to mutually face each other. This explanation is based upon the interpretation that the Vivaraṇakāra has given in the lines noted below<sup>613</sup> :—

“पूर्वे त्रयः पश्चिमाक्षयश्च परस्परमभिमुखाः । अत एव महादिगभिमुखाश्च । महा-  
दिगभिमुखा इति वचनं अक्षिवाय्वोः ईशनिर्ऋत्योश्च परस्परसम्मुखत्वं मा गृह्येत इत्येतदर्थं  
दक्षिणोत्तरौ तु परस्परसम्मुखौ स्यातामिति चार्थः ॥”

In support of the observation made in this stanza, we shall take note of the text of the *Vimāṇasāhita* quoted below<sup>614</sup> :—

“पूर्वास्त्वप्रतिचाख्याः स्युरितराश्चास्थिराः शुभाः ।  
अन्योन्याभिमुखाः कार्यास्तथान्ये दक्षिणोत्तराः ॥  
अन्योन्यं दक्षिणाक्षिभ्यां प्रशस्तं दर्शनं द्वयोः ।  
अप्रशस्तं च विज्ञेयं तथा वामाक्षिदर्शनम् ॥”

The following extracts attributed to the *Mañjarī*<sup>615</sup> may be noted :—

“अन्तर्मण्डलसीमान्ते लोकेशानां हि पीठिका ।  
विरिञ्चस्येष्टापूर्वेण नैर्ऋत्यां पश्चिमोत्तरे ॥  
अनन्तस्वोत्तरे सोमात् कुबेरस्य ॥”

613. *Ibid.*

614. *Vimāṇasāhita*, Patala XXIII, stanzas 62, 68. (T. S. S. Ed.).

615. Quotation, Vide *Vimāṇasāhita*, Tantarāsamuccaya, Part I, pp. 24-25. (T. S. S. Ed.).



## STANZA 76.

The author in this stanza treats of the disposition and features of what is known as 'Arcanāmaṇḍapa' or 'Namaskāramaṇḍapa.' It will be noted here that this structure is an additional one, built within the precincts of the temple area, and does not constitute one of the five *Prākāras*. It is intended to give room to devotees who come to have a view of the God and to pay Him their homage. It deserves to be remembered in this connection, that the temple proper is distinct and different in its purpose from accessory structures like the Arcanāmaṇḍapa. As Dr. Coomaraswamy<sup>618</sup> would observe, "it should be understood that the temple is a dwelling erected for the God, not for congregation; the latter visit the temple, not to take part in the service, but to see (*darśana*) the God and do their reverence". Here service which involves observance of rituals comes within the province of the duty of the officiating priests. The Arcanāmaṇḍapa is constructed for the convenience of the visitors who come to the temple to see God and pay Him their respects. The place of importance is given to the *Prāsāda*, the dwelling of God, and these accessory structures, such as the different courts built around the shrine, are regarded as useful inasmuch as they serve to enhance the dignity of the central shrine and express the sense of regal honour that characterises the mode of divine service in the system of image-worship. The exact location of the Arcanāmaṇḍapa is first described. It may be situated a cubit away from the limit of the Antarmaṇḍala. In this case the limit of the Uttara or *Pāduka* of the *Pūjamaṇḍapa* will come where a cubit measure of space is found extended in front, beyond the boundary line of the Antarmaṇḍala. In the second alternative case of disposition the centre of the Arcanāmaṇḍapa must be made to coincide with the centre of the intervening area between the *Bāhyottara* of the sanctum sanctorum and *Ārūḍhottara* (i.e. internal Uttara) of the Antahārā. Coming to the shape of the *Pūjamaṇḍapa*, it will be noted that the shape is described as *Turyāśra* or square, having its own *Adhiṣṭhāna*. In other words, it will be a structure having a square base surmounted by a pyramid above. Its *Adhiṣṭhāna* will be of the same type and description as the *Adhiṣṭhāna* of the *Sanctum Sanctorum*. Thus, if the *Adhiṣṭhāna* of the temple is of the *Pādabandha* class, that of the Arcanāmaṇḍapa will also be of the same class. The Arcanāmaṇḍapa will possess a single

618. Bulletin of the Boston Museum.



Uttara supported by four pillars; in this case, it will be small in size. If the size is bigger, then, it will have two uttaras borne by sixteen pillars. Here, the internal Uttara (Ārūḍhottara) will be supported by 4 pillars and the outer Uttara (Bāhyottara) by twelve. Thus there will be two uttaras and sixteen pillars for the Arcanāmaṇḍapa of larger size. A vernacular interpreter, Dāmodaran Nambūdirippāḍ, adds that the Arcanāmaṇḍapa must possess an opposite Yoni and it must be so because the Maṇḍapa should face the main shrine.

In the last quarter of the stanza the author tells us that this Maṇḍapa must be adorned with such ornamental motifs as Makuṭa (Stūpikā) and the like, which embellish the main shrine. In this list of ornamentation of the top of the Maṇḍapa may be mentioned Valabhi, Kapota, etc. The phrase 'समहृदावालङ्कितमालङ्कितम्' tends to suggest two points. One is that the Stūpikā or finial (Makuṭa) employed at the top of the Maṇḍapa is a decorative element, rather than a constructive one. Secondly, the primary reference to the top-portion suggests that beneath the Prastara the structure is open on all the sides. The Maṇḍapa being a pillared hall and not enclosed space, there is no question of wall-decorations in it, such as the Kūṭas and Śīlās. Any ornamentation that can be wrought in the said portion below the Uttara and above the Adhiṣṭhāna will be restricted to pillars, and all the wall decorations cannot be displayed in the case of the Maṇḍapa structure, owing to the absence of walls in such a structure. Hence the reference relates primarily to the ornamentation of those structural parts which are possessed in common by both the main shrine and its accessory structure, such as the Adhiṣṭhāna, Stambha, Prastara, etc. Śaṅkara quotes an authority whose name is not mentioned, and this authority states the dimensions of the Maṇḍapa, the number of floors it might possess, the nature of its decoration and composition, which should not be different from that of the Prāsāda. It runs as follows:<sup>617</sup>—

“समं त्रिषादमर्धं वा प्रासादस्य तु मण्डपम् ।  
 पुरस्तादुक्तमानानां तल्लिङ्गेष्वेकतलं तु वा ॥  
 प्रासादतुल्यालङ्कारं तत्तमाङ्गं च मण्डपेन ॥”

617. Tantrasamuccaya with Vimarśinī, Part I, p. 96 (T. S. S. Ed.).

## STANZA 77

The limit of the Antarmaṇḍala has been described and the extremity of the remaining Prākāras remain to be fixed. In this stanza, the author sets to describe the outer-limit of the remaining Prākāras. The outer wall of the Antahārā should be built beyond its own Daṇḍa extremity. The Antahārā described in the succeeding stanza is composed of two Maṇḍapas on either side of the main shrine, one Maṇḍapa at its back, and these three structures are linked together. The wall that is here referred to is the one which should be constructed beyond the Daṇḍa extremity of the Antahārā, which is composed of circumambulatory construction as described above, viz. the construction excluding the front structure. The Antahārā made up of structures on either side of the shrine and at the back has one Uttara and this lies beyond the Daṇḍa extremity. The front structure known as Sabhā has two Uttaras, Ārūḍhottara and Bāhyottara. The Ārūḍhottara of the Sabhā keeps line with the circumambulatory structure of the Antahārā running round the main shrine on the three quarters (two sides and the back of the main shrine). Extending outwards, there is situated the Bāhyottara or the external Uttara. We have observed on a previous occasion that the construction of two Uttaras, one Ārūḍha and the other Bāhya, is a necessity where the structure is of a large size. The Sabhā built in front is comparatively a larger structure than the three square structures built on the three sides round the shrine. The three square structures which surround the main shrine on its three sides are locally termed the 'Cut-tambalam' (circumambulatory structure), and the Sabhā, or the hall built in front of the sanctum sanctorum, is called the 'Valiambalam' (big structure). There is no doubt that the Sabhā is bigger than the surrounding three square structures, and by reason of its larger size it demands two Uttaras, internal and external. Based on this presence of two Uttaras, the Daṇḍa extremity of the Sabhā is said to be of two kinds. It may be fixed with reference to either the extremity of the Ārūḍhottara or the extremity of the Bāhyottara. In the third enclosure Madhyahārā, which is said to contain the structure carrying lights, the Daṇḍa extremity should rest where the flame of the lamp extends. The Daṇḍa extremity of the fourth enclosure (i.e. the Bāhyahārā) will be inside the internal Uttara. In the case of the Mahāmaryādā the Daṇḍa extremity will lie at the external face of the outer Uttara.

## STANZA 78

The process of making the Antahārā is next described. There should be built three square Maṇḍapas on the three quarters. Of these, one will be behind the main shrine, and two on the two sides (Pārśvas). Each one of these Maṇḍapas must have the Yoni of its quarter, which is its Yoni proper. The qualifying expression “समूहयोन्यन्वितम्” is interpreted by Śāṅkara<sup>618</sup> in this sense, and he explains it as “सप्तदिग्भवयोन्युपकूलम्”. Thus, according to the commentator Śāṅkara, this text means that the structure should be given the Yoni of the place where it stands. The Vivaraṇakāra, on the other hand, finds in the expression an alternative suggestion that these Maṇḍapas may possess the Yoni of the Mūla (i.e. the central) shrine. Says he:<sup>619</sup>

“समूहयोन्यन्वितम्—स्योन्यन्वितं, मूलयोन्यन्वितं वेत्यर्थः॥ स्वयोनिर्दिष्योनिः॥”

Śāṅkara, however, understands the term in only one sense, namely, that each Maṇḍapa must have the Yoni of the quarter in which it stands. These square Maṇḍapas, built on the three main quarters, should then be extended to the corners, and the intervening spaces must then be connected or linked together. These then, the three Maṇḍapas on the three sides and the extended and connecting structures, constitute what is termed the ‘Antahārā’. This surrounding structure around the three sides of the central shrine is locally known as ‘Cuttambalam’ and the structure which comes in the front, which is described in the next stanza, is termed ‘Sabhā’ in Sanskrit, and ‘Valiambalam’ in the vernacular.

## STANZA 79.

This stanza treats of the construction of the Sabhā. The Sabhā should be built in front of the shrine. Along the Daṇḍa extremity of the Antahārā together with its Mukhāyāma—(for, the Daṇḍa extremity of the Prākāra is inclusive of its Mukhāyāma)—fix up an utara in the sabha in front. The utara, here referred to, forms the external utara of the Antahārā and it runs through the length of the Sabhā. Reference was made in the previous stanza to structures on either side

618. Tantrasamuccaya with Vivarīṇī, Part I, p. 96 (T. S. S. Ed.).

619. Vivaraṇa, Ms. No. 1294 (G.O.M.L., Madras).

of the central shrine. Now, the top and base of the Uttara which extends through the length of the Sabhā should be securely fastened to the Uttara of the Pārśvahārā (structure on either side of the central shrine). After having fixed the Uttara that runs along the length of the Sabhā to the Uttaras of the wings (Pārśvahārās) the author directs us in the latter part of the stanza to fix the breadth of the Sabhā and then to place two Uttaras, as the nature of the structure demands. The Yoni that is assigned to it should be proper to the quarter in which it is situated. There are fixed and approved proportions, known as 'Gūṇavibhāga' and 'Pāḍavistāra', and the breadth that is to be accepted for the Sabhā should conform to the well-known proportion. *Gūṇavibhāga* is a formula which involves the division of the perimeter into certain well-known parts, and the breadth that is to be given to the Sabhā should be determined with reference to any number of such well-known parts into which the perimeter may be divided. The formula 'Gūṇavibhāga' is so called because it involves Gūṇa (āvṛtti) of Vibhāgas or parts. The number of the Uttaras such as the Ārūḍha and others will be made as befits the size and structural necessity of the Sabhā.

In a Malayālam Manuscript of the *Tantrasamuccaya*<sup>620</sup> a stanza is found stated which deals with the formula of Gūṇavistāra. It runs thus:—

“ षड्दस्तादिकव्यंशमाननिचयेऽष्टमे सदिकसङ्ख्यके  
 व्यंशीकृत्य तदेककेन गृह्णाहे कल्पितेऽर्थीकृते ।  
 वेदमे रविविश्ववासवविकारात्यष्टिसाष्टादशा-  
 द्वन्द्वे मध्यमते फलेन विततिः तन्न्यूनमाहाततिः ॥”

Multiply the desired length of the Uttara beginning with 6 cubits, etc., by 8. Add on to it any number, such as 1, 5 etc. which stands to represent the quarter such as the East etc. Divide this result by 3 and assign one part thereof to the perimeter of the 'Uttara'. Divide this perimeter by two, and then multiply the result by 4. Divide this by any one of the numbers 12, 13, 14, 16, 17, 18, 20, 21. The result got is the Vistāra. Then from half the perimeter deduct this vistāra and the length is obtained.

620. *Tantrasamuccaya*, R. No. 4128 (G.O.M.L., Madras).

K. Nilakanṭhan Āsāri in a vernacular version, called *Silpavatnam*, observes that Gupāṁśa should be secured as follows: Divide half the perimeter by any number beginning with 8, and ending with 32, and four parts thereof will constitute the Vistāra and the remainder the length. In this connection the following stanza from the *Manuṣṣālayacandrikā* which describes the Gupavistāra is noteworthy.

The *Manuṣṣālayacandrikā*<sup>621</sup> states :—

“ नाहोर्ध्वे द्वादशाद्यैस्त्रिभिरपि च विभक्तेऽथवा षोडशाद्यै  
विंशत्याद्यैश्च तत्त्वादिभिरपि मनुयुष्मादिभिर्दन्तसंख्यैः ।  
तत्तत्तुर्यप्रहोणैरथ विततिरुद्व्यंशतः शेषभागै-  
र्दोषो वसद्वपङ्क्त्यादिभिरपि गुणविस्तारमाहुर्मुनीन्द्राः ॥”

#### STANZA 80.

In this verse the author describes the process employed in the Pāda-sūtra type of Sabhā. The desired perimeter of the Gṛha (sanctum) being divided into equal halves, from one part (i.e. from half the perimeter) deduct twice the breadth of the Uttara. The remainder having been divided by any even number beginning with 4, give one part thereof to the breadth, and the remaining parts to the length. Then, add to the above measure on all the sides, twice the breadth of the Uttara already deducted. This is the process that should be employed in the Sabhā known as 'Pādasūtra'.

#### STANZA 81.

In the four stanzas that follow, the author deals with the location and construction of the structure called 'Balipīṭha'. It is a big oblation-stone (Vallabhalikāṭṭu, as the Vernacular interpreters call it), built in front of the sanctum sanctorum. It also possesses various parts and mouldings which are met with in the construction of the sanctum sanctorum. This Balipīṭha is found installed within a structure, in the case of some shrines; and in the open space in some cases. From the centre of the sanctum sanctorum, in front and outside of it,  $2\frac{1}{2}$ , 3,  $3\frac{1}{2}$ , 5, 6, or 7

621. *Manuṣṣālayacandrikā*, Ch. IV, stanza 8.

Dapḍas away, should be installed the Balipīṭha in its own structure. According to our author the Balipīṭha should be put up in a structure, built for the purpose of housing it. In actual practice, though there are instances of permanent structures to house the Balipīṭha, there are also exceptions, and in the latter case of absence of permanent structures temporary sheds are put up at the time of certain festive occasions.

The following quotations<sup>622</sup> from the *Pāśupata* and the *Mañjarī* support the statement of Nārāyaṇa with respect to the location of the Balipīṭha:—

Thus the *Pāśupata* says:

“पञ्चषट्सप्तदण्डाग्रे कल्पयेद् बलिपीठिकाम् ॥”

and the *Mañjarī*:—

“पीठं प्रासादमध्यादग्नं बलिविधवे पञ्चषट्सप्तदण्डमुत्त्वा ॥”

#### STANZA 82.

This stanza lays down the dimension (height and breadth) of the Balipīṭha. The height of the Balipīṭha from its Pāduka to the top of its Padma will be equal to the height of the Pūjapīṭha (i.e. the pedestal on which the idol stands) or one-sixth less than this height; or, it will be as much as the height of the Garbhagrha as far as its Prati (i.e. the height of the basement of the Garbhagrha), or, the height of the Prāsāda as far as its Prati (i.e., the height of the basement of the Prāsāda). Having divided the height chosen for the Balipīṭha into 10 parts, seven parts thereof will be assigned for the breadth (which is the breadth of the Uttara moulding) of the Balipīṭha. The various divisions and mouldings which enter into the composition of the Balipīṭha will be done on the pattern of those of the principal structure. In other words its different parts and mouldings will be governed by the same principles of proportion which regulate the construction of the main shrine. The dimension of the Balipīṭha set forth here is supported by the following authoritative version of the *Viṣṇusamhitā*<sup>623</sup>:—

622. *Tantrasamuccaya* with *Vimarsinī*, Part I, page 97 (T. S. S. Ed.).

623. *Viṣṇusamhitā*, Paṭala XIX, 26, 27 (T. S. S. Ed.).

“बलिपीठसमुत्सेधो गर्भागारप्रतेः समः ।  
 पूजापीठसमो वापि षड्द्वयो वा प्रकीर्तितः ॥  
 उत्सेधं दशवा कृत्वा सप्तांशस्तस्य विस्तरः ।”

STANZA 83.

The proportion which governs the division of the Balipīṭha into various parts or mouldings forms the subject-matter of this stanza. The height of the Balipīṭha having been divided into 27 parts, assign parts to each of the mouldings from bottom upwards as shown in the list given below:—

Pāduka.....	1
Jagatī.....	4
Kumuda.....	3
Kumudapaṭṭikā.....	1
Gala.....	10
Kambu.....	1
Nidrava.....	1
Kapota.....	3
Agrapaṭṭi.....	1
Padma.....	2
Total parts.....	27

This proportion is, as in the previous case, supported by the statement of the *Viṣṇusamhitā*. Compare the following lines from the *Viṣṇusamhitā*:<sup>624</sup>—

“सप्तविंशतिवा कृत्वा सममेव तदुच्छ्रयम् ॥  
 एकांशं पादुकं कुर्याच्चतुर्भिर्जगती पुनः ।  
 त्रिभागं कुमुदं चैव तथैकांशेन पट्टिकाम् ।  
 दशांशं कण्ठमित्याहुरंशाभ्यां कम्बुनिद्रवौ ॥  
 त्रिभिः कपोतमित्याहुरेकांशेनाग्रपट्टिकाम् ।  
 द्वांशकं पद्ममन्ते स्यादेतत् पीठस्य उद्वरणम् ॥”



## STANZA 84.

In this stanza the author gives another alternative for the division of the Balipīṭha into parts. Having divided the height of the Pīṭha into 32 parts, allot parts to mouldings from bottom upwards according to the direction given below:—

Pāduka.....	1½
Jagatī.....	5½
Kumuda.....	5
Kumudapaṭṭi.....	1
Antari.....	1
Prati.....	2
Vedi.....	4
Gala.....	4
Valabhyuttara.....	2½
Kapota.....	2½
Paṭṭikā.....	1
Padma.....	2
	—
Total parts.....	32
	—

625. Vide the *Tantrasamuccaya* with *Vimarsinī* (T. S. S. Ed.), Part I, pp. 99-100.

(a) *Gurudevapaddhati* (T. S. S. Ed.), Uttarārḍha, Paṭala XXXV, st. 44.

(b) "कृदाणां ... पञ्चमं मवेतु" *Mayamata* (T. S. S. Ed.), Ch. XXXIII, Sts. 8, 9, 10.

(c) "मध्यमानां तु ... मयन्ति हि" *Gurudevapaddhati* (T. S. S. Ed.), Uttarārḍha, XXXV, 46-48.

(d) "मन्त्रमेष्टकमिष्टेः ... शिरोधनं" *Ibid.*, 48-50. "तस्माद् द्वित्र्यङ्गुलं" \* etc.

(e) "उत्तराङ्गो ... मितिरिष्यते" *Maya* quoted in the *Gurudevapaddhati* (T. S. S. Ed.), Part IV, p. 351; Vide also *Mayamata* (T. S. S. Ed.), XXIII, 20, 21.

(f) Vide *Mayamata* (T. S. S. Ed.), XXIII, 22, 23; *Gurudevapaddhati* (T. S. S. Ed.), Uttarārḍha, Paṭala XXXV, Sts. 50, 51.

(g) *Gurudevapaddhati*, XXXV, 33(2), 34(1).

(h) *Maya* is similarly quoted in the *Gurudevapaddhati* (T. S. S. Ed.), Part IV, p. 354; also vide *Mayamata* (T. S. S. Ed.), Paṭala XXV, Sts. 1, etc.



At the end of the commentary Vimarśinī on the section on Pañca-prākāras, Śaṅkara presents a collection of allied texts on the details of the topic as follows<sup>425</sup>:—

“प्रासादमवनादीनां रत्नालङ्कारसिद्धये ।  
वप्राणि क्रमशः कुर्यात् पञ्चत्रिंशेकसंख्यया ॥”(a)

अत्र मय आह—

“क्षुद्राणामल्पहर्म्याणां खव्यासार्धप्रमाणतः ।  
अन्तर्मण्डलकं कुर्यात् स त्रिहस्तं तु तत्समम् ॥  
द्वितीयं च तृतीयं च तस्मात् पञ्चकराधिकम् ।  
तस्मात् स सप्तहस्तं तु तत्समं स्वाच्छतुर्थकम् ॥  
नवहस्तसमायुक्तं तत्समं पञ्चमं भवेत् ॥(b)  
मध्यमानां तु मूलार्धमन्तर्मण्डलकं भवेत् ।  
ततः शरर्षिजगतीरुद्रहस्तं यथाक्रमम् ॥  
वमान्तरालविस्तारः प्रोक्तः प्राकारपञ्चके ।  
अथोत्तमानां मूलार्धं प्रथमं त्वष्ट चर्षिभिः ॥  
मन्दरुद्रातिजगतीहस्तैर्हारा भवन्ति हि ॥(c)  
अन्तर्मण्डलमिच्छेः स्वाद् विष्कम्भः सार्धहस्तवान् ॥  
तस्मात् \*व्यङ्गुलाधिक्यात् क्रमात् साला भवन्ति हि ।  
तत्तद्विष्कम्भमानात् तु त्रिगुणं वा चतुर्गुणम् ॥  
प्राकारतुङ्गता ज्ञेया स्तोत्राष्टांशं शिरोवनम् ॥(d)  
उत्तरान्तोच्छ्रिता वा स्वात् कुम्भमण्ड्यन्तकोऽपि वा ॥  
मसूरकादिवर्गाख्या खण्डहर्म्यादिमण्डिता ।  
बुद्बुदार्धेन्दुशीर्षा वा ऋजुर्वा भित्तिरिष्यते ॥”(e)

इति । तथा च—(f)

“क्षुद्राल्पभित्तिविस्तारा हस्तादारम्य पूर्ववत् ।  
कमात् त्रिच्यह्रुलाचिक्याद् वर्धयेत् सार्धद्वस्ततः ॥  
सोपरा वाजनच्छत्रशोर्ध्वत्वश्च भित्तयः ।”

इत्यादि ।

“गोपुराणामथो लक्ष्म यथावदपि कल्प्यते ।  
प्रतिवधं तु कर्तव्यं द्वारे द्वारे तु गोपुरम् ॥”(g)

अत्र (h)मयश्च—

“क्षुद्राल्पमध्यमुत्थानां षपाणां स्वप्रमाणतः ।  
मूलप्रासादवित्तारि सप्ताष्टनवभागिके ॥  
दशैकादशभागो च तत्तदेकांशहानितः ॥  
द्वारशोभाद्विस्तारं गोपुरान्ते नवेत् कमात् ।  
क्षुद्राल्पकानां धाम्नां स्वान्मानमेवं यथोदितम् ॥  
मध्यानां मूलधाम्नस्तु व्यासे वेदेषुभागिके ।  
षट्सप्ताष्टांशके वा स्याद भागोन गोपुरं पृथक् ॥  
त्रिभागैकांशमर्धं च द्विभागं स्यात् त्रिभागिके ।  
चतुर्भागे त्रिभागं च पञ्चांशे चतुरंशकम् ॥  
द्वारशोभाद्विस्तारं श्रेष्ठानां गोपुरं मतम् ।  
तुङ्गं तु गोपुराणां स्यात् सप्तांशे रुद्रभागिकम् ॥  
चतुरंशे षडंशोर्ध्वं पञ्चांशे सप्तभागिकम् ।  
सप्तांशं तु चतुर्भागे नवभागे तु पञ्चके ॥  
द्विगुणं वा यथासंख्यं द्वारावतनतुङ्गता ॥”

इत्यादि ॥

# BHĀVANĀVIVEKA

BY

MAṆḌANAMIŚRA

WITH

VIṢAMAGRANTHIBHEDIKA

BY

NĀRĀYANA



*Edited with Introduction*

BY

V. A. RAMASWAMI SASTRI

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‘सत्ताया एव साध्यरूपेण धातुनोपादानात् साध्यताप्रतीतिः, न पुनः प्रत्ययेन भावनाया अभिधानात् । सत्ता भाव इति च सत्ताया धातुनैव सिद्धरूपेण उपादानात् सिद्धरूपप्रतीतिः, न पुनः प्रत्ययेन भावनाया अनभिधानात् । व्यापारसंस्पर्शकृतस्य साध्यत्वस्य पच्यादौ निश्चयात् । इहैव तर्हि व्यभिचारः ‘यजते यजमानः’,

प्रस्तुतं व्याख्यायते—अस्त्यादावपि शब्दाद्भावना प्रतीयते इत्युक्तम् । तत्र हेत्वपेक्षायामाह—अन्यथा अस्ति भावस्सत्तेत्यभेदादिति ॥ यद्यस्तीत्यादौ शब्दाद्भावना नावगम्येत, तदा अस्ति भावस्सत्तेत्यत्र सर्वत्र बुद्धिभेदाभावप्रसङ्गः । यथा भावशब्देन च सिद्धरूपो धात्वर्थः प्रतीयते एवमस्तीत्यनेनापि प्रतीयेत । नच तथा प्रतीयते, किन्तु साध्यस्वरूपतया । तच्चास्तीत्यत्र धात्वर्थातिरिक्तव्यापाराभिधानाभावे विरुध्यते ।

तत्र शङ्कते—सत्ताया एव साध्यरूपेण धातुनोपादानात्साध्यताप्रतीतिः, न पुनः प्रत्ययेन भावनाया अभिधानात् । सत्ता भाव इति च सत्ताया धातुनैव सिद्धरूपेणोपादानात् सिद्धरूपप्रतीतिः, न पुनः प्रत्ययेन भावनाया अनभिधानात् इति । १. अत्रोत्तरमाह—व्यापारसंस्पर्शकृतस्य साध्यत्वस्य पच्यादौ निश्चयादिति ॥ अयमर्थः—पच्यादौ व्यापारान्तर-सम्पर्शकृतं धात्वर्थस्य साध्यत्वमवधारितम्—कः पाकः पचतीत्यादौ । एवञ्च सति अस्त्यादावपि धात्वर्थसाध्यत्वं व्यापारान्तरसंस्पर्शकृतमेवेति निश्चीयते । पुनरपि प्रत्ययस्य भावनाव्यभिचारं विधायान्तरे चोदयति—इहैव तर्हि व्यभिचारः ‘यजते यजमानः’ ‘पच्यन्ते स्वयमेव तण्डुलाः’ इति ॥ अयमर्थः—यदि कर्मकर्तृविषयस्य पचतेर्धातोः यजमानकर्तृविष-

१. सत्ताया एव व्यापारात्मना प्रतीतिः भेद इति चेत्—न, व्यापारान्तरसंस्पर्शकृतस्य—क, ख, ग, घ, ङ.

२. पचत्यादिषु—ख; पचादौ—ङ.

३. इतः पूर्वं ‘सत्ता भाव इति च सत्ताया धातुनैव सिद्धरूपेणोपादानात्’ इत्यधिकं कति—च मातृकायाम् ।

४. संस्पर्शकृतं—ङ.

‘पच्यन्ते स्वयमेव तण्डुलाः’ इति । <sup>२</sup>व्यापारान्तरोपगमे वा धातोर्-  
व्यभिचारः । न, अभ्युपगमात् <sup>३</sup>लेनाभिधानस्य, तन्निबन्धनत्वात्त-

यस्य च कजेः भावनां प्रति व्यभिचार उच्यते त्वया, तर्हि इहापि(हैव) मयैव(यापि) प्रत्य-  
यस्य भावनां प्रति व्यभिचार उच्यते इति । अथेह प्रत्ययव्यभिचारदोषपरिजिहोषया विक्लित्ति-  
व्यतिरिक्तस्तण्डुलसमवायी, द्रव्यत्यागसङ्कल्पातिरिक्तश्च यजमानसमवायी कर्तृव्यापारोऽभ्युप-  
गम्यते, तदा धातोर्व्यभिचाराभावात्कर्तृव्यापारस्य तदभिधेयत्वानभ्युपगमो निर्निबन्धनस्त्वादित्ये-  
तदाह—व्यापारान्तरोपगमे वा धातोर्व्यभिचार इति । अस्योत्तरमाह—न, अभ्युपगमाद्धे-  
नाभिधानस्य <sup>४</sup>तन्निबन्धनत्वात्तस्यान्यथा(पि) सिद्धेः पाकादिषु व्यभिचारात् इति ॥ बहु-  
क्तम्—<sup>५</sup>व्यापारान्तराभ्युपगमे धातोर्व्यभिचाराभावात् तस्य तदभिधेयत्वं प्राप्नोतीति, तन्नि-  
षेबाय नेत्युक्तम् । तत्र हेतुक्तिः—अभ्युपगमाद्धेन [लकारेणाभ्युपगमात्] अभिधानस्येति ।  
विक्लित्यादिव्यतिरिक्तस्य व्यापारस्य लेन लकारेणाभिधानमभ्युपगम्यते, न धातुना । <sup>६</sup>अतो  
व्यापाराभ्युपगमेऽपि न तस्य धात्वभिधेयत्वं प्रसज्यते । कथं पुनः कर्तृव्यापारस्य लकारेणैवा-  
भिधानमभ्युपगम्यते ? न धातुना ? :अन्वयव्यतिरेकाविशेषेऽपीत्याशङ्क्योक्तम्—तन्निबन्ध-  
नत्वात् तस्यान्यथापि सिद्धेरिति ॥ तन्निबन्धनत्वात्—लकारनिबन्धनत्वात् ; तस्य—कर्तृ-  
व्यापारस्य ; अन्यथापि—धातोः तदभिधानसामर्थ्यकल्पनेन <sup>७</sup>विनापि ; सिद्धेः—उपपत्ते-  
रित्यर्थः ॥

ननु विपर्ययेणापि <sup>८</sup>अन्यथासिद्धौ सम्भवन्त्यां कोऽत्र विनिगमनायां  
हेतुः ? कर्तृव्यापारप्रत्ययस्य धात्वन्वयव्यतिरेकयोरन्यथासिद्धिः, न पुनः प्रत्यया-

१. पच्यन्ते स्वयमेवेति—क. स्व.

२. व्यापारोपगमे—ङ.

३. तिका—ग, छ ; अभ्युपगमात् न व्यभि-  
चारः—ङ.

४. निर्निबन्धनत्वात्—च.

५. ‘व्यापारान्तराभ्युपगमे’ इत्यारम्भ ‘अभ्यु-

पगमात्’ इत्यन्ती ग्रन्थः नास्ति—छ  
मातृकायाम् ।

६. ‘अतः’ इत्यारम्भ ‘अभ्युपगम्यते’ इत्य-  
न्ती ग्रन्थः नास्ति—छ मातृकायाम् ।

७. संकल्पनेन—छ.

८. अन्यथासिद्धाः संभवन्ति, एकीकृत—छ

स्या<sup>१</sup>न्यथा(पि)सिद्धेः पाकादिषु व्यभिचारात्, <sup>२</sup>भेदेनानिदर्शनाद-  
प्रतीतेः, <sup>३</sup>इतरत्र तैर्निष्कर्षणात्, <sup>४</sup>अतुल्यार्थत्वात्तन्निष्कर्षः, सा-

न्यव्यतिरेक्योरि(ती)त्याशङ्क्योक्तम्—पाकादिषु व्यभिचारादिति ॥ 'पाकः', 'यामः'  
इत्यादिषु धातोः कर्तृव्यापाराभिधानं प्रति व्यभिचारात् आख्यातपदेऽपि यथाशस्तप्रयोग-  
प्रसिद्धविक्लित्यादिनात्राभिधानेन चरितार्थत्वात् कर्तृव्यापारवाचित्वं ग्रहीतुं शक्यत इत्यर्थः ।  
कथं पुनः पाकादिषु धातोः विक्लित्यादिव्यतिरिक्तकरोत्यर्थाभिधानं प्रति व्यभिचार इत्या-  
शङ्क्याह—भेदेनानिदर्शनादप्रतीतिरिति ॥ पाकादिषु विक्लित्यादि(षु)व्यतिरिक्तस्य कर्तृ-  
व्यापारस्य भेदेन निदर्शनाभावात् अप्रतीतिरर्थभेदस्य । एतदुक्तं भवति—अर्थभेदप्रतीति-  
निमित्तकस्य भेदनिदर्शनस्य 'पाकः क्रिया' इत्येवंप्रत्ययस्य नियमेनानिदर्शनादर्थभेदप्रतीत्य-  
भावोऽवगम्यते । तत्रार्थभेदाभावोऽवगम्यते । अतः पाकादिषु धातोः करोत्यर्थाभिधानं प्रति  
व्यभिचार इति ॥

नन्वर्थस्य भेदेनानिदर्शनाद्भातोरर्थभेदो ना भूत् । किन्त्येक एवाथोऽस्तु धातोः । स च  
विक्लित्यादिविलक्षणः कर्तृव्यापार एव कस्मान्नेष्यते इत्याशङ्क्याह—इतरत्र तैर्निष्कर्षणात्  
अतुल्यार्थत्वात्तन्निष्कर्ष इति ॥ अयमर्थः—इतरत्र सिद्ध्यन्ते पदे तैः पाकादिभिर्वाक्यैः  
प्रत्ययाभिधेयस्य कर्तृव्यापारस्य निष्कर्षणं पृथकरणं दृश्यते 'पाकं करोति' इति । अत्र  
हि पाकमिति द्वितीयान्तेन पदेन धात्वर्थः कर्मतया निर्दिश्यते । करोतीत्यनेन च प्रत्ययार्थः  
क्रियात्वेन । स चायं निष्कर्षः धात्वार्थकर्तृव्यापारस्य प्रत्ययाभिधेयतया अतुल्यार्थत्वादेव  
धातुप्रत्यययोरुपपद्यते । एतदुक्तं भवति—(यदि) व्यापारादख्यातार्थादर्शान्तरे विक्लित्यादि-

१. तस्मात्सिद्धे—ऊ.

२. भेदेनानिर्देशात्—क; भेदानानिर्देशात्—ख.

३. अतः प्रतीतिः—ऊ.

४. इतरत्र भेदेन निष्कर्षणात्—क, ख;

इतरत्राख्याते भेदेन निष्कर्षणात्—ग, घ, ङ.

५. अन्यथा तुल्यत्वादनिष्कर्षणं स्यात्—क,  
ख, ग, घ, ङ.

६. भवति—यत्कर्तृव्यापारात्—छ.

**मान्यविशेषयोः<sup>१</sup> साध्यसाधनभावायोगात्<sup>२</sup>, सामान्यस्यासाध्य-  
त्वात्, <sup>३</sup>अनभिधेयाख्यानापत्तेः ।**

लक्षणे धातुर्न वर्तेत, तदा तदर्थ(धातु)मेवेन कर्तृव्यापारस्व<sup>४</sup> करोत्यर्थस्य निदर्शनं नोपपद्यते ।  
तस्माच्च कर्तृव्यापारो धात्वभिधेय इति ॥

ननु पाकादिधात्वर्थविशेषः, तत्सामान्यं करोत्यर्थः, इति सामान्यविशेषभावनिबन्धना-  
द्भेदानिष्कर्ष उपपद्यत इत्याशङ्क्याह—सामान्यविशेषयोः साध्यसाधनभावायोगादिति ॥  
सामान्यविशेषयोः साध्यसाधनभावो नोपपद्यते, अन्यत्रादर्शनात् । तत्रैव दृष्टणान्तरमाह—  
सामान्यस्यासाध्यत्वादिति ॥ अयमर्थः—साध्यस्वभावो हि करोत्यर्थो गम्यते, न सिद्धस्वभावः ।  
साधनरूपो हि सः । न च तथारूपत्वं सिद्धत्वेऽवकल्पते, घटादेः तदभावात्, तथा[१]  
साध्यस्वभावत्वं तस्य सामान्यमात्रत्वे नोपपद्यते । गुणविशेषत्वाद्वि सिद्धरूपो धात्वर्थ  
उपेयते । कथं तत्समवायि सामान्यं साध्यस्वभावं स्यात् ? अतः क्रियाकारकयोरर्थयोः  
पञ्चतीत्यत्र निदर्श्यमानत्वान्न धात्वर्थविशेषसामान्ययोरयं निष्कर्षः—‘पाकं करोति’ इति  
(इति) ॥ पुनरपि तत्रैव दृष्टणान्तरमाह—अनभिधेयाख्यानापत्तेरिति ॥ अबनर्थः—यदि  
धात्वर्थसामान्यविशेषयोः एष निष्कर्षः स्यात्, तदानभिधेयस्याख्यानापद्यते । कथम् ?  
पञ्चतीत्यसिन्पदे केनांशेन धात्वर्थसामान्यमभिधीयत इति वाच्यम् । न तावत्प्रकृत्यंशेन  
पचिना, तस्य विशेषाभिधानात् । नापि प्रत्ययांशेन, तस्य धात्वर्थसामान्यवाचित्वानभ्युप-  
गमात् । असत्पक्षे तु पाकभावनयोः प्रकृतिप्रत्ययाभिधेयत्वात् तयोरेव च पाकं करातीति  
निदर्श्यमानत्वान्नानभिधेयाख्यानापत्तिः । तस्माद्धात्वर्थातिरिक्ता भावना प्रत्ययाभिधेया अस्तीति  
निश्चीयते ॥

१. विशेषयोश्च—ग, घ, ऊ.

ख्यानापत्तेश्च—ख ; ... ख्यानानुपपत्तेश्च-

२. साध्यस्य साधनत्वयोगात्—ऊ.

ग, घ ; अनभिधानाख्यानानुपपत्तेश्च—ऊ.

३. अनभिधेयाख्यानापत्तौ—क ; ...

४. व्यापारमेव—ख.

भवतु धात्वर्थव्यतिरिक्ता भावना प्रत्ययामिधेया । धात्वर्थस्तु पचत्यादौ विक्लित्यादिलक्षण एवेत्येतन्न सृज्यते । स त्वधिश्रयणादिलक्षणः कर्तृव्यापार एव । यस्त्वन्योऽधिश्रयणादेः परिस्पन्दरूपाध्यापारादान्तरः प्रयत्नाख्यः कर्तृव्यापारः स प्रत्ययार्थो भवतु । एवमप्युपपन्नं धातुप्रत्यययोः अर्थभेदनिदर्शनम् । क्रियावचनत्वं च धातूनामभियुक्तैरभ्युपगतमेवं सत्युपपन्नं स्यात् । उक्तं हि—‘क्रिया धात्वर्थमात्रं स्यात्’ इत्यादि, ‘क्रियावाचिनो धातवः’ इति च । विक्लित्यादिलक्षणगुणविशेषधात्वर्थपक्षे तु तदनुपपन्नं स्यात् । उच्यते—उक्तोत्तरमेतत् । उक्तं हि—कर्मकर्तृविषये(य)पचेरधिश्रयणादिलक्षणकर्तृव्यापारमिधानं प्रति व्यभिचार इति ॥

ननु तत्र व्यभिचारः प्रत्ययस्याप्यविशिष्टः, व्यापारभ्युपगमे धातोरव्यभिचार इत्यप्युक्तम् । सत्यमुक्तम् ; अत्योत्तरमप्युक्तम्—पाकादिषु धातोः कर्तृव्यापारमिधानं प्रति व्यभिचारात् लकारेणैव तस्याभिधानमिति ॥

ननु घञन्ते पाकादौ अर्थभेदनिदर्शनाभावाव्यभिचारः तिष्ठन्ते च तद्भावादव्यभिचारात् प्रत्ययस्वे(त्यै)व करोत्यर्थात्मिका भावनेत्युक्तम् । सा च करोत्यर्थात्मिका भावना प्रयत्न एव, नाधिश्रयणादिआ(वा)द्यो व्यापार इति इदानीं वदामः । तत्र कथमुक्तोत्तरत्वमिति । उच्यते—यदा प्रयत्न एव भावना प्रत्ययार्थः, तदैतदेवं स्यात् ; यदा पुनः कर्तृव्यापारमात्रं सिद्धकर्तृव्यापारमात्रं वा चेतनाचेतनसाधारणं भावना प्रत्ययार्थः स्यात्, तदैतन्नोपपद्यते । नचात्मकर्तृकः प्रयत्न एव भावनेत्येतदप्यवोचाम—‘आत्मकर्तृकमेव’ इत्यादौ । ननु प्रयत्नपरिस्पन्दयोरुभयोरपि भावनात्वाभ्युपगमेऽपि चेतने प्रयुज्यमानत्वाख्यातस्य प्रयत्न एवार्थः, अचेतने प्रयुज्यमानस्य परिस्पन्दः । ततश्च पचतीत्यत्र देवदत्तस्य(स्व)प्रयत्नाख्य-

१. व्यापार इदानीमिति वदामः—च.

२. ‘यदा’ इत्यारम्भे ‘स्यात्’ इत्यन्ती अन्यः नास्ति—च भाट्टकायाम् ।



व्यापारवचनत्वात्प्रत्ययस्य अधिश्रयणादिः धात्वर्थ एव कस्माज्ज्ञेयते ? । उच्यते—अचेतने प्रयुज्यमानयोः धातुप्रत्यययोः यावर्थौ समभिगतौ—कर्तृव्यापारः, तत्फलभूतो गुणविशेषश्च संयोगविभागलक्षणः, तावेव तयोश्चेतनविषययोरप्यर्थौ ब्राह्मौ, विरोधाभावात् । अतः पचत्यादौ न प्रयत्न एव केवलः प्रत्ययार्थः, नापि परिस्पन्द एव केवलः, किन्तु कर्तृव्यापारमात्रम् । जानातीत्यादौ तु आत्मकर्तृक एव व्यापारः । अग्निज्वलतीत्यादौ तु परिस्पन्द एव । धात्वर्थस्तु सर्वत्र व्यापारफलभूतो गुणविशेष एवेति मतमाचार्यस्य इति । स्पष्टीकरिष्यति चैतदुपरिष्ठात्स्वयमेव ।

यद्योक्तमभियुक्तैः क्रियावचनत्वं धातोरङ्गोक्तमिति, तत्रोच्यते—परपरिकल्पित(प)-क्रियानुसारेणापि कदाचिदन्यपरत्यादनभिप्रेतार्था अपि गिरः प्रवर्तमाना दृश्यन्ते विचक्षणा-नामित्यविरोध इति ॥

अथवा स्वतो गुणविशेषस्यापि धात्वर्थस्य प्रत्ययाभिधेयक्रियोपरकत्वेन क्रियात्वमस्तीति क्रियात्वोक्तिः सन्नच्छते । यथा वक्ष्यत्याचार्यः ‘परोपाधि’ इत्यादि । नचैवं मन्तव्यं देवदत्तादौ कर्तरि समवेतो यो? व्यापारः, स पचतीत्यत्र प्रत्ययार्थः ; यत्तु(स्तु) काष्ठादिकार-कान्तरसमवेतो ज्वलनादिव्यापारः, स धातोरर्थ इति । नानाजातीनां ज्वलनादिव्यापाराणा-मेकेन पचिवातुना अभिधानानुपपत्तेः । विक्लित्याद्येकफलावच्छेदेन तेषामेकत्वसम्भवात् एकेन धातुना अभिधानमुपपद्यत इति चेत्—एवं तर्हि विक्लित्यादेः फलस्यैव पचिवाच्यत्व-मिष्यताम्, लाघवात् । कश्चन्तर्हि पचतीत्यत्र ज्वलनादीनां प्रतीतिः ? प्रत्ययाभिधेयकर्तृ-व्यापारान्तर्भावात् । कर्तृव्यापारे हि फलपर्यन्ते पूर्वापरीभूतात्मनि कारकान्तरव्यापाराः अन्तर्भाव प्रतिपद्यमानाः प्रत्ययनिबन्धनप्रत्ययतां नातिवर्तन्ते इति । अतः सुप्तृक्तं—‘विक्लिप्तिमात्रं सङ्कल्पविशेषमात्रं प्राचक्षते पचियजी’ इति ॥

१ किञ्च—

तदेव तस्य करणं २ न वै कर्म च कल्पते ।

भावनां सञ्जिरन्तेऽतो धात्वर्थव्यतिरेकिणीम् ॥ ३५ ॥

‘यजेताश्वमेधेन’, ‘ईजे बहुभिर्यज्ञैः’, ‘स्वं यज्ञं यजति’ इत्ये-  
कत्वे क्रियाकारकभावानुपपत्तिः<sup>१</sup> । सामान्यविशेषभेदोऽपि न

इतोऽपि धात्वर्थातिरिक्ता भावना अभ्युपगन्तव्या इत्याह—किञ्च—

तदेव तस्य करणं न वै कर्म च कल्पते ।

भावनां सञ्जिरन्तेऽतो धात्वर्थव्यतिरेकिणीम् ॥ (इति) ॥

अयमर्थः—एकस्यैव क्रियात्वं कारकत्वं च नोपपद्यते, क्रियाकारकयोर्भेदप्रसिद्धेः<sup>२</sup> ।  
दृश्यते च क्रियाकारकभावो धात्वर्थप्रत्ययार्थयोः ‘यजेताश्वमेधेन’ इत्यादौ । अतो धात्वर्था-  
त्कारकाव्यतिरिक्तां प्रत्ययाभिधेयां क्रियां प्रतिजानते । ‘प्राज्ञः’ इति शेषः । अस्यार्थस्य  
स्पष्टोक्त्याह—‘यजेताश्वमेधेन’ ‘ईजे बहुभिर्यज्ञैः’ ‘स्वं यज्ञं यजति’ इत्येकत्वे  
क्रियाकारकभावानुपपत्तिरिति ॥ ‘यजेताश्वमेधेन’ इत्यत्र तावदश्वमेधनामधेयस्य धात्वर्थस्य  
करणत्वं प्रतीयते, ‘अश्वमेधेन’ इति तृतीयाश्रवणात् । ततस्तत्र तद्व्यतिरिक्ता क्रिया अभ्यु-  
पेया, यत्रास्य करणत्वम् । ‘ईजे च बहुभिर्यज्ञैः’ इत्यत्रापि ‘ईजे’ इत्याख्यातार्थं प्रति  
यज्ञानां करणत्वं गम्यते । तत्र यदि ‘ईजे’ इति पदे यज्ञव्यतिरिक्ता क्रिया प्रत्ययाभिधेया  
नाभ्युपगम्येत, यज्ञानां करणत्वं ध्रुवमाणं बाध्येत । तथा ‘स्वं यज्ञं यजति’ इति यज्ञ-

१. ‘किञ्च—तदेव’ इत्यारम्भ ‘व्यतिरेकिणीम्’  
इत्यन्तो ग्रन्थः नास्ति—अ सातुकायात् ।

२. नवैकमथ—ग, घ, ङ.

३. इत्येव बहुभिः—ग, घ, ङ.

४. यजतीत्येकस्यैव—क, ख; यजतीति नैक-  
त्वे—ग, घ, ङ.

५. भावाव्युपपत्तेः—क.

६. भेदः प्रसिद्धः—ङ.

७. ईजे च—ङ.

८. तदा—च.

क्रियाकारकसम्बन्धमुपपादयितुं<sup>१</sup> क्षमः, सामान्यस्यासाध्यत्वेना-  
क्रियात्वात्<sup>२</sup>, विशेषणविशेष्यसम्बन्धे तु कारकविभक्तिविरोधः<sup>३</sup>।  
नाप्येकदेशयोः क्रियाकारकभावः, उभयत्रापि<sup>४</sup> समुदायस्य शब्दो-

मिति द्वितीयानिर्देशाद्यस्य कर्मत्वं कारकत्वं (कर्मकारकत्वं) गम्यते यजत्वर्थे प्रति । अतो  
यजतीत्यस्मिन्पदे प्रकृत्यर्थार्त्तकर्मभूताधागाद्विज्ञा क्रिया प्रत्ययामिषेया इत्यभिप्रायः ।

नच सामान्य(विशेष)भावनिबन्धनेन भेदेन क्रियाकारकभावः उपपादयितुं शक्यत  
इत्याह—सामान्यविशेषभेदोऽपि न क्रियाकारकसम्बन्धमुपपादयितुं क्षमः(मः); 'सामान्यस्या-  
साध्यत्वेन (अ)क्रियात्वादिति ॥ वोऽपि मन्यते चाल्थर्वसामान्यं प्रत्ययार्थः । तद्विशेषः  
प्रकृत्यर्थः । अतस्तयोः कियानपि भेदो विद्यत इति, तस्यापि नैवंविधो भेदः क्रियाकारक-  
सम्बन्धमुपपादयितुं क्षमः, सामान्यस्य क्रियात्वाभावात्, तदभावश्च तस्य साध्यत्वाभावात्,  
साध्यत्वाभावश्च सामान्यस्य व्यक्तीनां साध्यत्वाभावात् । व्यक्तीनां साध्यत्वेन क्रियात्वान्युप-  
गमे कारकत्वानुपपत्तिप्रसङ्गात् । अतो न सामान्यविशेषभेदेनायं क्रियाकारकभावस्सम्भवति ॥

ननु मा भूत्क्रियाकारकसम्बन्धः सामान्यविशेषयोः, विशेषणविशेष्यसम्बन्धस्तु  
सम्भवति इत्याशङ्क्याह—विशेषणविशेष्यसम्बन्धे तु कारकविभक्तिविरोध इति ॥ अथ-  
मेवेन, बहुमिर्यज्ञैः, स्वं यज्ञमिति करणकारकविभक्तेः कर्मकारकविभक्तेश्च विशेषणविशेष्य-  
सम्बन्धान्युपगमे विरोधः स्यात् । अथ मतं—क्रियासमुदायो यागः, तस्य 'कश्चिदेकदेशः  
कारकमन्त्रेणादिशब्दैरभिधीयते । अतः क्रियाकारको(कभावो)पपत्तिरिति । एतदप्युक्त-  
मित्याह—नाप्येकदेशयोः क्रियाकारकभावः, उभयत्रापि समुदायस्य शब्दोपादानत्वादिति ॥

१. उपकल्पयितुं—अ, ग, घ, ङ.

२. अक्रियात्मकत्वात्—ग, घ, ङ.

३. विभक्तेर्विरोधात्—ग, घ, ङ.

४. 'अपि' नास्ति—ग, घ, ङ गाणिकासु.

५. 'सामान्यस्यासाध्यत्वेन' इत्यारम्य 'क्षमः'

इत्यन्तो ग्रन्थः नास्ति—छ मातृकायात् ।

६. कश्चिदेशः—छ.

पादानत्वात्<sup>१</sup>। नापि <sup>२</sup>धातूपादानायामप्यन्तर्भूतसामान्यकर्मकर-  
णिकायां<sup>३</sup> विशेषकर्मकरणसम्बन्धः—यथा ‘मुण्डयति माणवकम्’,  
‘मालिन्योपश्लोकयति’<sup>४</sup> इति ; ‘स्वं यज्ञम्’, ‘बहुभिर्यज्ञैः’<sup>५</sup> इत्यपि

उभयत्र धातुवृत्तपदे<sup>६</sup> च समुदायस्यैव शब्दाभिधेयत्वात्, अन्यथा धातुर्थोपपदयोः नाम-  
नामिमावाप्तम्भावात्, एकदेशयोः क्रियाकारकभावः अनुपपन्न इत्यर्थः ।

यदपि मतं ‘यज्ञेताधमेकेन’ इत्यत्र यजिनैव यागसामान्यकरणिका भावना अभि-  
धीयते । करणविशेषस्त्वश्वमेधशब्देन समर्प्यते—यथा ‘मालिन्योपश्लोकयति’ इति । अत्रोप-  
श्लोकयतिना णिजन्तेन श्लोकसामान्यकरणिकोपस्तुतिरभिधीयते । तत्र ह्रुपश्लोकयतीति—  
श्लोकैरुपस्तौतीत्यर्थः प्रतीयते । तत्र मालिनोशब्देन <sup>७</sup>श्लोकविशेषवाचिना करणविशेषसमर्प्यते ।  
‘तद्वत् ‘स्वं यज्ञं यजति’ इत्यत्रापि यजिरन्तर्भूतयागसामान्यकर्मिका भावना उपपद्यते ।  
यज्ञमित्यनेन च कर्मविशेषः समर्प्यते । यथा ‘मुण्डयति माणवकम्’ इत्यत्र मुण्डयतिना  
णिजन्तेन मुण्डसामान्यकर्मिका भावना प्रतीयते—मुण्डं करोतीति, माणवकशब्देन च  
मुण्डविशेषः प्रत्याख्यते । एवमत्रापि । अतो न प्रत्ययाभिधेया भावनेति । एतन्निराकरोति—  
नापि धातूपादानायामप्यन्तर्भूतसामान्यकर्मकरणिकायां विशेषकर्मकरणसम्बन्धः—यथा  
‘मुण्डयति माणवकम्’, ‘मालिन्योपश्लोकयति’ इति ॥ अत्रान्तर्भावो<sup>९</sup> गुणभावोऽभिप्रेतः  
सामान्यस्य कर्मकरणरूपस्य भावना प्रति । निराकार्यं वस्तुपदस्य निराकरणपतिज्ञा कृता ।  
इदानीन्तत्र हेतुमाह—स्वं यज्ञम्, बहुभिर्यज्ञैरित्यपि धातुना भावनोपादानात् विशेषभावनाम्यु-

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|---|---------------------------------------|
| १. समुदायस्याधिकत्वेनोपादानात् — ख ;    | ५. यज्ञैर्भजन्तीति—क, ख ; यज्ञैरिजना- |
| समुदायस्य ह्रुपुपादानत्वात्—ग, घ.       | पि—ग, घ.                              |
| २. धातूपादानायां भावनायामन्तर्भूत—ग, घ. | ६. उपपदे—ख.                           |
| ३. करणिकायां यथा-मुण्डयति माणवकम्—ख.    | ७. श्लोकसामान्य—छ.                    |
| ४. उपश्लोकयति मालिन्येति—ख, ग, घ, छ.    | ८. यज्ञम्—छ.                          |
|   | ९. गुणाभावः—छ.                        |

धातुना भावनोपादानात् <sup>१</sup>विशेषभावनाभ्युपगमात् विशेषणविशेष्यसम्बन्धप्रसङ्गात् । अनुपादाने <sup>२</sup>च सिद्धव्यभिचारोऽसौ न तिङन्तेऽपि तामुपादातुमर्हति । एतेन <sup>३</sup>‘ओदनपाकं पचति’ इत्या-

पगमाद्विशेषणविशेष्यसम्बन्धप्रसङ्गादिति ॥ अयमर्थः—‘स्वं यज्ञम्’, ‘बहुभिर्यज्ञैः’ इत्यत्र यज्ञशब्दान्तर्गतानिपि यजिना धातुना यागसामान्यान्विताया भावनाया भवत्यस्य उपादानात् ‘स्वम्’ ‘बहुभिः’ इत्यादिभिरभिसम्बन्धेन तस्या एव भावनाविशेषरूपाभ्युपगमात् ‘यजति’ ‘ईजे’ इत्याख्यातपदप्रकृत्युपात्ताया ‘यज्ञैः यज्ञमिति यज्ञशब्दोपात्तायाश्च भावनाया विशेष्यविशेषणभावप्रसङ्गः । आख्यातप्रकृत्युपात्ताया यागसामान्यान्विततया <sup>४</sup>सामान्यरूपत्वात् यज्ञशब्दोपात्तायाश्च ‘स्वं बहुभिः’ इत्यादिपदान्तरैः यागविशेषकाभात् विशेषरूपत्वात् सामान्यविशेषयोश्च <sup>५</sup>विशेष्यविशेष्यभावस्य सम्भवात् असम्भवाच्च क्रियाकारकभावस्य क्रियाकारकसम्बन्धप्रतीतिरुपस्थितेत्यभिप्रायः ॥

अथैतदोषपरिजिहीर्षया यज्ञशब्दे धातुः भावनां नोपाददीत, तर्हि तत्र प्रसिद्धभावनाभिधानव्यभिचारः ‘यजति’ ‘ईजे’ इति तिङन्तेऽपि तां नोपादातुमर्हति इत्येतदाह—अनुपादाने च सिद्धव्यभिचारोऽसौ न तिङन्तेऽपि तामुपादातुमर्हतीति ॥ वैदिकोदाहरणप्रदर्शितं न्यायं लौकिकोदाहरणेऽतिदिशति—एतेन ‘ओदनपाकं पचति’ इत्यादयो व्याख्याता इति ॥ योऽयं ‘स्वं यज्ञं यजति’ इत्यादावुक्तो न्यायः प्रकृत्यर्थोतिरिक्तप्रत्ययाभिधेयभूतभावनावगमे, एतेनोपा(नौद)नपाकादयो व्याख्याता वेदितव्याः । तत्रापि हि पचतिशब्दार्थस्य पाकशब्दार्थस्य चैकत्वे क्रियाकारकभावानुपपत्तिः । सामान्यविशेषमेवाभ्युप-

१. विशेषभावनाभ्युपगमात्—नास्ति—क, ख

—मातृकयोः ।

२. वा—ख, ग, घ, ङ

३. तिङन्तेऽपि—क.

४. ओदनः पाकं—क.

५. सामान्यान्वितायाः—ङ.

६. विशेषणविशेष्य—ङ.

७. नोपपादयितुं—च.

दयोः<sup>१</sup> व्याख्याताः ।<sup>२</sup> तस्माच्चत्रैष कारकभावो<sup>३</sup> नामपदोपादान-  
धात्वर्थस्य<sup>४</sup> विभक्तिभिर्व्यज्यते, स तदतिरेकी तिङन्तेषु प्रत्ययो-

गमेऽपि क्रियाकारकसम्बन्धानुपपत्तिः । विशेषणविशेष्यसम्बन्धे तु कारकविभक्तिविरोधः ।  
नापि क्रियासमुदायात्मकस्य पच्यर्थस्यैकदेशः क्रिया एकदेशान्तरं कारकमिति सम्भवति,  
तिङन्ते षण्ते चोभयत्रापि समुदायस्यैव धातुपादानत्वात् । नाप्यन्तर्नृत्पाकसामान्यान्विताया  
भावनायास्तिङन्तपदे धातुपादाया ओदनपाकमित्यनेन पाकविशेषा(धेणा)न्वयोऽवगम्यते इति  
वाच्यम् । पाकशब्देऽपि धातुना पाकसामान्यान्विताया भावनाया अभिधानात्, तस्याध्वौ-  
दनादिपदान्तरसन्निधानादिलब्धविशेषायाः पचतीत्यत्र धात्वभिहितपाकसामान्यान्वितभावनाया  
सह विशेषणविशेष्यसम्बन्धप्रसङ्गात्क्रियाकारकभावानुपपत्तिः(त्तेः) । एतद्वेषपरिहाराय पाक-  
शब्दे धातुना भावनाया अनुपादाने सिद्धव्यभिचारोऽसौ धातुः तिङन्तेऽपि न भावनामभि-  
धातुमर्हतीति ॥ एवं श्लोकपूर्वार्धे व्याख्याबाधुनोत्तरार्धे पूर्वार्धोपपादितहेतुप्रतिपादार्थनिगमन-  
रूपं व्याचष्टे—तस्माच्चत्रैष कारकभावो नामपदोपादानधात्वर्थस्य विभक्तिभिर्व्यज्यते, स  
तदतिरेकी तिङन्तेषु प्रत्ययोपादानः करोत्यर्थः प्रतिज्ञायते वृद्धैरिति ॥ यस्मादेकत्वे क्रिया-  
कारकभावानुपपत्तिः तस्यायत्राश्वमेधादिनामपदोपादस्य धात्वर्थस्य तृतीयादिविभक्तिभिः कारक  
भावो व्यज्यते, स तस्माद्धात्वर्थभावादतिरेकः करोत्यर्थः प्रत्ययभिधेयः प्रतिज्ञायते वृद्धैर्मी-  
मांसकैः ॥

कथन्तर्हि 'इष्टवान्भजैः' इत्यादौ यज्ञादीनां करणादिभावः? नहि तत्र भावना-  
वचनत्वाभिमत आख्यातप्रत्ययोऽस्ति ; इष्टवानित्यादेः कृदन्तत्वात्, तस्य च कर्तृकारकवच-  
नत्वात्, कर्तृकारकेण च करणादिकरकान्तराणामन्तरेण क्रियान्वयसम्बन्धयोगात् । अतः

१. पचतीत्यादयोऽपि—ग, घ, ङ.

२. व्याख्यातम्—क.

३. यस्मात्—ङ.

४. नामपदोपादानस्य धात्वर्थस्य—क, ख ;

नामपदोपादानधात्वर्थस्य—ग, घ; नाम-

पदोपादस्य धात्वर्थस्य—ङ.

५. विभक्तिविरभि—क, ख.

६. पदोपादोत्तरस्य—घ.

पादानः करोत्यर्थः प्रतिज्ञायते वृद्धैः । 'इष्टवान्यज्ञैः' इत्यपि<sup>१</sup> द्रव्य-  
प्रधान<sup>२</sup> भावनाधिगमाभिष्टादिषु<sup>३</sup> तथा प्रतीतेरविरोधः ॥

यत्तुक्तं भावनाविषयत्वप्रतीतेः करणत्वहानिः<sup>४</sup>, तदनिरूपितकरण(त)त्त्वस्य<sup>५</sup> ।

क्रियारूपभावनाप्रतिपादकशब्दाभावात् 'इष्टवान्यज्ञैः' इत्यन्वयानुपपत्तिप्रसङ्गात् (ऋः) इत्याशङ्क्याह—'इष्टवान्यज्ञैः' इत्यपि द्रव्यप्रधानभावनाधिगमाभिष्टादिषु तथा प्रतीतेरविरोध इति ॥ अयमर्थः—यद्यपि तत्राख्याताभावाद्भावनाया अभिधानं नास्ति, तथापि द्रव्यप्रधाना-  
दप्युपरार्जनीभूता भावना अवगम्यते । कुदन्तामिहितस्य कर्तृत्वस्य भावनासम्बन्धप्रमावि-  
त्त्वात् तद(म)न्तरेणानुपपत्तेः । अतो नान्तरीयकतया द्रव्यप्रधानभावनाभ्युपगमात् यज्ञादीनां  
करणादिभावप्रतीतेर्न कश्चिद्विरोध इति ॥

एवं धात्वर्थातिरिक्ता भावनामाख्यातप्रत्ययामिधेयां प्रतिपाद्येदानीं पूर्वपक्षवाधापादित-  
मनिष्टप्रसङ्गे निराकरणायानुभाषते—यत्तुक्तं—भावनाविषयत्वप्रतीतेः<sup>६</sup> करणत्वहानिरिति ॥  
अयमर्थः—तिङन्ते धात्वर्थस्य साध्यताप्रतीत्या 'कः पाकः पचति' इत्यत्र प्रदर्शितया अर्थ-  
भेदनिदर्शनेन च 'पाकं करोति पचति' इत्यत्रोक्तेन यः तिङ्मिधेयां भावनामिच्छति  
तस्य पक्षे धात्वर्थस्य भावनायां कर्मत्वप्रसङ्गात् करणत्वमिष्टं न सिध्यतीत्युक्तमिति ॥ एवमनु-  
माप्य परिहारमाह—तदनिरूपितकरणत्व(तत्त्व)स्येति ॥ अनिरूपितकरण(तत्त्व)त्वाच्चैतच्चोद्यं  
करणस्वरूपनिरूपणायां न सम्भवतीत्यर्थः । एतदेव स्पष्टीकर्तुं करणस्वरूपं निरूपयति—

१. इत्यपि—ग, घ.

२. प्रधाने—ख.

३. साधनोपगमाद्—क, ख ; भावनाभ्युप-  
गमाद्—ग, घ, ङ.

४. 'तथा' नास्ति—क, ख मातृकयोः.

५. हानिरिति—क, ख.

६. अनिरूपितकरणत्वात्—ङ ; अनिरूपित-  
करणत्वात्—क, ख.

७. विषयत्वं च प्रतीतेः—घ.



तथा हि—

करणं खलु सर्वत्र कर्तृव्यापारगोचरः<sup>१</sup> ।

तिरोदधाति कर्तारं प्रधानं तन्निबन्धनम् ॥ ३६ ॥

न खलु कर्तृव्यापारलक्षणभावनाप्या<sup>२</sup> धात्वर्थस्य कर्मत्व-  
प्रसङ्गः <sup>३</sup>करणत्वबाधो वा, <sup>४</sup>परश्वादिषु तथा प्रसङ्गात् । <sup>५</sup>न छिदा-

तथाहि—

६करणं खलु सर्वत्र कर्तृव्यापारगोचरः ।

तिरोदधाति कर्तारं प्रधानं तन्निबन्धनम् ॥ (इति) ॥

अयमाशयः—यद्वि करणं परश्वादि तदेव सर्वत्र कर्तृव्यापारस्य साक्षाद्विषयः, न फलम् । फलन्तु करणव्यापारस्य साक्षाद्विषयः । ततश्च तन्निबन्धने कर्तृव्यापारविषयभूत-  
परश्वादिकरणव्यापारनिबन्धनं प्रधानं फलं छिदा कर्तारं तिरोदधाति आरात्करोति । अथवा  
कर्तृव्यापारगोचरः करणं कर्तारं तिरोदधाति प्रधाननिष्पत्तेरात्करोति, यस्यात्प्रधानं तन्नि-  
बन्धनं कर्तृव्यापारविषयभूतकरणव्यापारनिबन्धनमित्येवं ग्रन्थो योजयितव्यः ।

इदानीं श्लोकात्पर्याविक्रणायाम्—न खलु कर्तृव्यापारलक्षणभावनाप्या धात्वर्थस्य  
कर्मत्वप्रसङ्गः, करणत्वबाधो वा, परश्वादिषु तथा प्रसङ्गात् इति ॥ अयमर्थः—न कर्तृव्यापार-

१. गोचरं—क.

२. लक्षणभावनाप्याप्या धात्वर्थस्य—क, ख ;

लक्षणार्था भावनायां धात्वर्थस्य—ग, घ ;

लक्षणभावनायां धात्वर्थस्य—ङ.

३. अकरणत्वं वा—क, ख, ग, घ, ङ.

४. परश्वादावपि प्रसङ्गात्—क, ख ; परश्वा-

दावपि तथा प्रसङ्गात्—ग, घ ; परश्वा-

दावतथात्वप्रसङ्गात्—ङ.

५. तथाहि—अधिकं वर्तते—ग, घ, ङ, छ.

६. करणं खलु सर्वत्रेति—ख.



दिषु<sup>१</sup> साक्षाद्व्याप्रियते कर्ता, <sup>२</sup>किन्तु परश्चादिकरणे<sup>३</sup> । <sup>४</sup>तद्व्यापारः  
तदुद्यमननिपातनादिलक्षणः<sup>५</sup> परशुगोचर एव । <sup>६</sup>अतः तस्याव्य-  
वहितव्यापारतया क्रियासिद्धेः<sup>७</sup> साधकतमत्वम् । <sup>८</sup>तद्व्यापारायत्त-

लक्षणभावनाव्याप्तिमात्रेण धात्वर्थस्वानभिमतं कर्मत्वं प्रसज्यते, अभिमतं वा करणत्वं  
बाध्यते, परश्चादावपि तथा प्रसज्नात् कर्मकरणत्वबाधयोः प्रसज्नादिति । एतदेव प्रपञ्चयति—  
न छिदादिषु साक्षाद्व्याप्रियते कर्ता, <sup>९</sup>किन्तु परश्चादिकरणे(णे) । तद्व्यापारः तदुद्यमननिपात-  
नादिलक्षण(णः) परशुगोचर एव । अतः तस्याव्यवहितव्यापारतया क्रियासिद्धेः साधकतमत्वम् ।  
तद्व्यापारायत्तप्रवृत्तितया च करणस्य कर्तुः स्वातन्त्र्यमारादुपकारिणोऽपि । अन्यथा करणतैव  
<sup>१०</sup>न स्यादिति ॥ अयमर्थः—न छिदादिषु फलेषु कर्ता साक्षात् करणव्यापारनिरपेक्षो व्याप्रियते ।  
किन्तुर्हि? यत्परश्चादि करणम्, तदेव साक्षाच्छिदादिषु व्याप्रियते । क तर्हि साक्षात्कर्तृव्यापार  
इत्यपेक्षायामुक्तम्—तद्व्यापारः तदुद्यमननिपातनादिलक्षणः परशुगोचर एवेति । तस्य  
<sup>११</sup>कर्तृव्यापारः तद्व्यापारः, तस्य परश्चादेरुद्यमननिपातनादिरूपः परश्चादिकरणगोचर एव,  
न छिदादिफलविषयः । कथन्तर्हि कर्तृव्यापारविषयस्य परश्चादेः करणतेत्याशङ्क्योक्तम्—  
तस्याव्यवहितव्यापारतया क्रियासिद्धेः साधकतमत्वमिति ॥ तस्य परश्चादेरव्यवहितव्यापार-  
तया क्रियाफलनिष्पत्तेः स्वव्यापारस्य (च) व्यवधानाभावात् साधकतमत्वं क्रियाफलनिष्पत्तौ  
प्रत्यासन्नोपकारकत्वादुपपद्यते । कथन्तर्हि परश्चादिकरणव्यापारव्यवहितस्य देवदत्तादेः कर्तृत्व-

१. छिदादिषु न—ग, घ, ङ.

७. सिद्धौ—क, ख.

२. अपि तु—ग, घ, ङ.

८. तद्व्यापारापेक्ष—ग, घ.

३. करणम्—क, ख.

९. अपि तु—ङ.

४. तद्व्यापारास्तुद्यमन—क, ख, ग, घ, ङ.

१०. 'न' नास्ति—ङ मातृकायाम् ।

५. लक्षणं—क.

११. कर्तृव्यापारः—ङ.

६. 'अतः' नास्ति—ख मातृकायाम् । अत  
एव करणस्य—ग, घ; अत एव तस्या-  
व्यवहित—ङ.

प्रवृत्तितया च करणस्य <sup>१</sup>कर्तुः स्वातन्त्र्यमारादुपकारिणोऽपि ;  
अन्यथा <sup>२</sup>करणतैव न स्यात् ।

अपि च—

साधनानामभावस्यात्कर्तृकर्मातिरेकिणाम् ।

साधनानां नियोगो हि कर्तृव्यापार इष्यते ॥ ३७ ॥

मित्याशङ्क्योक्तम्—तद्यापारायत्तप्रवृत्तितया च करणस्य कर्तुः स्वातन्त्र्यमारादुपकारिणोऽपीति ॥  
तस्य कर्तुः व्यापार उद्यमननिपातनादिलक्षणो यः, तदायत्ता प्रवृत्तिः करणस्य यतः, अतः  
कर्तुर्देवदत्तादेः स्वातन्त्र्यमारादुपकारिणोऽप्युपपद्यते । स्वातन्त्र्यञ्च कर्तृत्वम्, न सन्निकृष्टोप-  
कारकत्वम् । यदि पुनः कर्तृव्यापारविषयतामात्रेण सन्निकृष्टोपकारिणोऽपि करणता नेष्येत,  
तदा सर्वत्र करणतैव न स्वादिति । एतदुक्तम्—अन्यथा करणतैव न स्वादिति ॥ यदा तु  
अन्यथा करणतैव स्वादिति न गृहीतः पाठः, तदा अस्यायमर्थः—यदि करणव्यापारव्यवधानेन  
विना कर्तुः साक्षादेव फले व्यावृत्ति(प्रति)रिष्येत, तदा कर्तृत्वैव(रपि) करणतैव स्यात्, फलं  
मति प्रत्यासन्नतरत्वात्, न कर्तृत्वमिति ।

किञ्च कर्तृव्यापारव्याप्तिमात्रेण कर्मापत्तौ <sup>३</sup>करणत्ववाधे वा अभ्युपगम्यमानेऽनिष्टप्रसङ्गं  
चोदयति—अपि च—

साधनानामभावः स्यात्कर्तृकर्मातिरेकिणाम् ।

साधनानां नियोगो हि कर्तृव्यापार इष्यते ॥ (इति) ॥

१. कर्तृस्वातन्त्र्यं—क; स्वातन्त्र्यव्यापारादुप—ऊ. २. कारणत्व—च.

३. करणत्वतैव न स्यात्—क ; करणमेव  
स्यात्—ग, घ, ङ.

प्रलीनेदानीं कर्तृकर्मातिरिक्तसाधनान्तरसङ्ख्या<sup>१</sup>, <sup>२</sup>साधन-  
नियोगः कर्तृव्यापार इति <sup>३</sup>तन्नियोगविषयतापत्त्या <sup>४</sup>सर्वत्र कर्म-  
त्वापातात् । <sup>५</sup>कस्तर्हि कर्मेतरविभागः<sup>६</sup> ? कथञ्च करणपरिक्षयिणि<sup>७</sup>

यदि कर्तृव्यापारविषयतामात्रेण करणत्ववाचः कर्मतापातश्चाभ्युपगम्यते, तदा कर्तृ-  
कर्मव्यतिरिक्तानामधिकरणादीनां कारकाणामभाव एव स्यात् । कथम् ? साधननियोगो हि  
कर्तृव्यापारः । स च सर्वसाधनविषय इति सर्वेषां कर्मत्वप्रसङ्गादिति ।

अस्य श्लोकस्यार्थाविष्करणायाह—प्रलीनेदानीं कर्तृकर्मातिरिक्तसाधनान्तरसङ्ख्या,  
साधननियोगः कर्तृव्यापार इति तन्नियोगविषयतापत्त्या सर्वत्र कर्मा(र्मत्वा)पातात् इति ॥  
नात्र तिरोहितमिष किञ्चिदस्ति ॥ यथा कर्तृव्यापारविषयत्वाविशेषेऽपि सर्वेषां कारकाणां  
नैकान्ततः कर्मत्वमेव, किन्तु कारकान्तरभावोऽपीष्यते, तथा करणस्यापि कर्तृव्यापारविष-  
यस्यापि न कर्मत्वप्रसङ्ग इत्युक्ते चोदयति—कस्तर्हि कर्मेतरविभाग इति ॥ कर्तृव्यापारविष-  
यत्वाविशेषे सति सर्वेषां कारकाणां, कर्तृ(र्म)कारकस्येतेरेषां च कारकाणां कथं विभागः  
सम्भवति ? । नहि तत्र विभागहेतुः कश्चिदुपलभ्यते करणवत् । यथाहि करणस्य कर्तृव्या-  
पारविषयस्य कर्मकारकात् <sup>८</sup>विभागे हेतुर्नास्ति इति कर्मत्वं प्रसक्तम्, तथा कारकान्तरेष्वपि  
कर्तृव्यापारविषयमूलेषु तत्प्रसङ्गः समान एव । <sup>९</sup>कथमसिद्धेनासिद्धं साध्यते इत्यभिप्रायः  
कर्तृव्यापारस्य करणविषयत्वेऽन्यमपि <sup>१०</sup>दोषमापादयति—कथञ्च करणपरिक्षयिणि कर्तृव्यापारे

१. साधनान्तरसङ्ख्या—क ; साधनान्तर-

कथा—ग, घ.

२. साधनान्तरनियोगः—ग, घ, ङ.

३. इति नियोगविषयताप्रतीत्या—क, ख ;

इति नियोगविषयतापत्त्या—ग, घ ;

इति नियोगविषयताप्रतिपत्त्या—ङ.

४. सर्वकर्म—ङ.

५. कथं तर्हि—ग, घ, ङ.

६. संविभागः—ग, घ, ङ.

७. परिक्षिणे—ग, घ, ङ.

८. कारकाणां तेनापान्ततः—घ.

९. विमानो—ङ.

१०. कथं सिद्धेना—ङ.

११. दोषप्रसङ्ग—ङ.

# SIDDHITRAYA

BY

YAMUNĀCĀRYA



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॥ श्रीः ॥

॥ श्रोमते यामुनाय नमः ॥

॥ संवित्सिद्धिः ॥

एकमेवाद्वितीयं तद्वद्वैत्युपनिषद्वचः ।  
ब्रह्मणोऽन्यस्य सद्भावे ननु तत्प्रतिषेधति ॥  
अत्र ब्रह्मोऽद्वितीयोक्तौ समासः को विवक्षितः ।  
किं सित्तत्पुरुषः किं वा बहुव्रीहिरथोच्यताम् ॥  
पूर्वसिन्नुत्तरस्तावत्प्राधान्येन विवक्ष्यते ।  
पदार्थस्तत्र तद्वत्स्य ततोऽन्यत्तद्वत् तु वा ॥  
तद्विरुद्धमथो वा स्यात्प्रतिषेधक्यं न बाधते ।  
अन्यत्वे सद्वत्त्वे वा द्वितीयं सिद्धयति ध्रुवम् ॥  
विरुद्धत्वे द्वितीयेन तृतीयं प्रथमं तु वा ।  
ब्रह्म प्राप्नोति यस्मात्तद् द्वितीयेन विरुद्धयते ॥

It is contended that the upanishadic text "Brahman (exists) one only, without a second" denies the existence of everything other than Brahman. Against this contention we argue as follows:—In what light is the compound word *advaitīya* to be understood? Is it a *tatpuruṣa* or a *bahuvrīhi* compound? If it is the former, the significance of the latter part of the compound word must be considered as primary. Does the latter part declare that Brahman is 'different from' or 'similar to' or 'opposed to' *dvaitīya* (the second)? In none of these alternatives does the text deny the existence of something other than Brahman. A second entity is clearly established if the word *advaitīya* signifies 'different from' or 'similar to.' If it means 'opposed to the second', then Brahman must be either a first or a third entity; for what stands opposed to the second is 'the first' or 'the third'. Therefore, hosts of objects, three and more,

अतस्सप्रथमास्सर्वे तृतीयाद्यैराशयः ।  
 द्वितीयेन तथा स्पृष्टास्त्वस्वास्तिस्रन्यवाधिताः ।  
 ननु नञ् ब्रह्मणोऽन्यस्य सर्वस्यैव निषेधकम् ।  
 द्वितीयब्रह्मणं यस्मात्सर्वस्यैवोपलक्षणम् ॥  
 नैवं निषेधो न ब्रह्माद् द्वितीयस्वावगम्यते ।  
 ततोऽन्यत्तद्विरुद्धं वा सदृशं वात्र वक्ति सः ॥  
 द्वितीयं यस्य नैवास्ति तद्वज्रेति विवक्षिते ।  
 सत्यादिलक्षणोक्तोनामपलक्षणता मवेत् ॥  
 अद्वितीये द्वितीयार्थनाशितानात्रगोचरे ।  
 स्वनिष्ठत्वाज्जगत्स्य न स्याद्ब्रह्मपदान्वयः ॥  
 द्वितीयद्वयता तत्र ब्रह्मणो न विशेषणम् ।  
 विशेषणे वा तद्ब्रह्म तृतीयं प्रथमं तु वा ॥

along with the single entity untouched by duality (i.e., all objects with the exception of the second) do assuredly exist uncontradicted.

Since the term 'the second' (*dviṭīya*) has the implicit designation (*upelakṣaṇa*) of also the third, the fourth and so forth, it may be urged that the negative particle denies everything other than Brahman (and not merely the second). But the reply is "Not so." The denial of a second entity should not be inferred from this expression; it only asserts that Brahman is something 'different from' or 'opposed to' or 'similar to the second.'<sup>1</sup>

If it is said that Brahman may be described as that which has no trace of duality, then words such as *satya* which define Brahman would turn out to be erroneous definitions (for they imply substance-attribute relation). If the expression *advīṭīya* were to denote merely the absence of a second, Brahman would be self-existent, and, as such, the negative particle could not be associated with the term Brahman.

'Being without a second' cannot be a qualification of Brahman. Were it a qualification, it would (as already shown) follow that Brahman is either the first or the third entity.

1. *Tadanya-tadviruddha-tadabhāveṣu nañ.*

प्रसक्तं पूर्ववत्सर्वं बहुव्रीहौ समस्यति ।  
 ब्रह्मणः प्रथमा ये च तृतीयाया जगत्त्रये ॥  
 ब्रह्म प्रत्यद्वितीयत्वात्सत्त्वास्तिष्ठन्त्ववाधिताः ।  
 किं च तत्र बहुव्रीहौ समासे संश्रिते सति ॥  
 व(ष्टु)त्त्वर्थस्य नवार्थस्य न पदार्थान्तरान्वयः ।  
 सत्त्वार्थान्तरसम्बन्धे षष्ठी यस्येति युज्यते ॥  
 द्वितीयवस्तुनास्तित्वं न ब्रह्म न विशेषणम् ।  
 असत्त्वाच्च ब्रह्मसद्ब्रह्म भवेत्तपि विशेषणम् ॥  
 तस्मात्प्रपञ्चसद्भावो नाद्वैतश्रुतिवाधितः ।  
 स्वप्नमाणवकालिदृशश्रुत्या चाप्यनुनोदितः ॥

Even if the word is taken as a *bahuvrīhi* compound, it would follow that all objects exist. All objects of the three worlds, which, in relation to Brahman, could be spoken of as the first, the third, fourth and so on, would exist safely and without any danger of ever being contradicted; for all that is denied is merely the possession of a second.

Moreover, if the word is taken as a *bahuvrīhi* compound, the significance of the negative particle found in the compound cannot be said to be associated with anything else; for it is only in the event of there being a true relation (of Brahman) with something else that the genitive case implied in the compound (*that for which* there is no second) would be appropriate. (It is only if the phrase 'not having a second' could be attributed to something, that *advaitya* could be taken as a *bahuvrīhi* compound).

The phrase 'The absence of a second' does not mean Brahman itself nor an attribute thereof. For it is essentially negative, while Brahman is really not negative. Nor could it be an attribute of Brahman; (for according to the opponent, Brahman is devoid of qualities). Thus the existence of the world is not contradicted by scriptural texts speaking of reality as non-dual. The existence of the world is established by the sources of knowledge (*pramāṇas*) relevant thereto. Their verdict is further confirmed by scriptural testimony.

तेनाद्वितीयं ब्रह्मेति श्रुतेरर्थोऽयमुच्यते ।  
 द्वितीयगणनायोग्यो नासीदस्ति भविष्यति ॥  
 समो वाग्व्यधिको वात्य योऽद्वितीयस्तु गण्यते ।  
 यतोऽस्य विभवव्यूहकलामात्रमिदं जगत् ॥  
 द्वितीयवागास्पदतां प्रतिपद्येत तत्त्वयम् ।  
 यथा चोळनृपस्सम्राडद्वितीयोऽथ मृतले ॥  
 इति तत्तुल्यनृपतिनिवारणपरं वचः ।  
 न तु तद्भूत्वत्तत्पुत्रकलत्रादिनिषेधकम् ॥  
 तत्रा सुरासुरनरब्रह्मब्रह्माण्डकोटयः ।  
 क्लेशकर्मविपाकत्रयैस्स्पृष्टस्वास्विलेशितुः ॥  
 ज्ञानादिषाङ्गुष्यन्निधेरचिन्त्यविभवस्य ताः ।  
 विष्णोर्विमृतिमहिमसमुद्रद्रव्यविभूषः ॥  
 कः खल्वहृत्लिभङ्गेन समुद्रान्सप्तसङ्ख्यया ।  
 गणयन्गणयेद्दुर्मिफेनबुद्बुदविभूषः ॥

The real significance of the text—"Reality exists one only and without a second (*advaitya*)"—may now be explained. The person who is considered *advaitya* is one who neither has, nor had, nor will have an equal or a superior capable of being counted as a second. How could the world be referred to as a second when it is but a small fraction of the entire collection of entities which constitute His possessions and which are under His sway (*vibhava*)? The statement "The paramount ruler of the Cola country now reigning is without a second in this world"—is intended to deny the existence of a ruler equal to him. It does not deny the existence of his servants, sons, consort and so on. Similarly, the whole host of *devas*, *asuras* and men, the four-faced *Brahmā* and the cosmic egg form but a small part of a drop from the ocean of the greatness (*mahimā*) of the possessions (*vibhūti*) of the Lord *Viṣṇu* who is the Lord of all, who is touched neither by sorrows (*klēśas*) nor by merits, demerits (*karma*) or (*vipāka*)<sup>2</sup> and so forth, and who is the seat of the sixfold qualities of knowledge (*jñāna*) and the like, and whose greatness cannot even be conceived by the mind. Which person, who counts with his fingers the oceans as seven, is capable of counting the waves, foam, bubbles and drops of water found therein?



यद्यैक एव सविता न द्वितीयो नमस्तस्मै ।  
इत्युक्त्या न हि सावित्रा निषिध्यन्तेऽत्र रश्मयः ॥  
यथा प्रधानसङ्ख्येयसङ्ख्यायां नैव गण्यते ।  
सङ्ख्या पृथक्सती तत्र सङ्ख्येयान्यपदार्थवत् ॥

तथा,

पादोऽस्य विश्वा भूतानि त्रिपादस्यामृतं दिवि ।  
इति ब्रुवन् जगत्सर्वमित्यंभावे न्यवेशयत् ॥

तथा,

एतावानस्य महिमा ततो व्यायस्तरो हि सः ।  
यत्रान्यत्र विजानाति स भूमेधरमन्तरम् ॥  
कुरुतेऽस्य भवं व्यक्तमित्यादिश्रुतयः पराः ।  
मेरोरिबाण्युर्गन्धर्वेन्द्रा ब्रह्माण्डमसिद्धं जगत् ॥

Just as the presence of the rays of the sun is not contradicted by the statement—"There is but a single sun in the sky, and not two"—and just as when objects are counted the number (*sankhyā*), which is different therefrom is not counted, in the same way in which the objects are counted, even so when Brahman is declared to be without a second, the existence of His possessions is not denied. Texts such as—"All beings constitute but a quarter of Him, three-fourths remaining immortal in heaven"<sup>3</sup>—declare that the entire cosmos is but a mode of Brahman.

Śruti and smṛti texts, such as the following, purport to show that the world is a mode (*prakāra*) of Brahman. "His possessions are so immense. He is greater than these".<sup>4</sup> "That wherein he does not cognise anything other than Brahman is the highest of all (*Bhūmā*)";<sup>5</sup> "He is sure to be afflicted with fear who sees anything as different from Brahman (i.e., anything as not belonging to Brahman)";<sup>6</sup> "He before whom the cosmic egg and the entire universe pale into insignificance, just as an atom does before Mount Meru."

3. Puruṣa-Sūkta.

4. Puruṣa-Sūkta.

5. Chānd. Up., VII.24.1.

6. Tat. Up., II.7.

इत्यादिकास्समस्तस्य तदित्यंभावततराः ।  
 वाचाश्चर्मणमात्रन्तु जगत्स्वावरजक्रमम् ॥  
 विकारजातं कूटस्थं मूलकारणमेव सत् ।  
 अनन्यत्कारणात्कार्यं पावकाद्विस्फुलिङ्गवत् ॥  
 मृत्तिकालोहबीजादिनानादृष्टान्तविस्तरैः ।  
 नाशकदग्धुमनलस्तृणं मज्जचितुं जलम् ॥  
 न वायुश्चलितुं शक्तस्तच्छक्त्याप्यायनादृते ।  
 एकप्रधानविज्ञानाद्विज्ञातमखिलं भवेत् ॥  
 इत्यादिवेदवचनतन्मूलाप्तानमैरपि ।  
 ब्रह्मात्मना (त्वा इ)मलामोऽयं प्रपञ्चश्चिदचिन्मयः ॥  
 इति प्रमीयते ब्राह्मी विभूतिर्न निषिध्यते ।  
 तन्निषेवे समस्तस्य मिथ्यात्वाल्लोकवेदयोः ॥  
 व्यवहारास्तु लुप्तेऽस्तथा स्याद्ब्रह्मधीरपि ।

The world consisting of objects which are liable to modifications and which are either moveable or immoveable exists for purposes of speech. The unchanging and ultimate cause of all these is sat alone. Just as the sparks are not different from fire wherein they take their rise, even so the effect is not different from its cause. That the effect is not different from its cause is shown by numerous illustrations, such as clay, iron, seed and so forth. Without being nourished by Brahman's power, fire would not be capable of burning even a blade of grass; water would not be capable of drowning; and the wind would be unable to move. "By an understanding of the one Supreme Being, all become known."

With the aid of scriptural texts such as the foregoing and smṛti texts based thereon, it is learnt that the world constituted of sentient and non-sentient objects derives its very being from the fact of its having Brahman for its soul. The possessions of Brahman are not contradicted by these passages. Should it be contended that their existence is denied, then it would follow that all activities, sacred and secular, nay even the knowledge of Brahman would cease to be; because everything (other than Brahman) would be illusory.

व्यावहारिकसत्यत्वान्मुषात्वेऽप्यविरुद्धता ॥  
 प्रत्यक्षादेरिति मतं प्रागेव समदूदुषम् ।  
 अतश्चोपनिषद्भा(ज्जा ?)तब्रह्माद्वैतधिया जगत् ॥  
 न बाध्यते विद्युतित्वाद्ब्रह्मणश्चेत्यवस्थितम् ।  
 ननु सत्त्वे मप्यस्य नास्तीति प्रत्ययः कथम् ॥  
 असत्त्वे वा कथं तस्मिन्नास्तीति प्रत्ययो भवेत् ।  
 सदसत्त्वं तथैकस्य विरुद्धत्वादसंभवि ॥  
 सदसत्प्रत्ययप्राप्तविरुद्धद्वन्द्वसङ्गमे ।  
 तयोरन्यतरार्थस्य निश्चयामावहेतुतः ॥  
 सदसत्त्वं मप्यस्य जैनास्तु प्रतिजानते ।

I have already refuted the contention that although objects are in fact illusory, perceptual experience and the like are not contradicted, in so far as objects are said to possess phenomenal reality (*vyāvahārika satyatas*). Thus, it follows that, since the world is the possession of Brahman, its existence is not contradicted by the knowledge afforded by the Upaniṣads, namely, that Brahman is without a second.

The objector might ask: If the world exists, how could negative judgments (such as "There is no jar") arise? We ask him in reply "If the world were non-existent, how could affirmative judgments (like "There is a jar") arise?

(Should it be said that since both negative and affirmative cognitions do arise, the world is at once *sat* and *asat*, it is replied that) *sat* and *asat* cannot characterise the self-same entity; for they are contradictory qualities.

When contradictory qualities are attributed to the self-same entity on the strength of contradictory cognitions of 'existence' and 'non-existence', there is no certainty as to which of them is true. For this reason, the Jains declare that existence and non-existence could be attributed to the world.

सत्त्वप्राप्तिं पुरस्कृत्य नास्तीति प्रत्ययोदयात् ॥  
 सदा सत्त्वं प्रपञ्चस्य सांख्यस्तु प्रतिषेदिरे ।  
 सदसत्त्वस्य यथासत्त्वरुद्धद्वन्द्वसङ्कटे ॥  
 विरोधपरिहारार्थं सत्त्वासत्त्वांशमञ्जतः ।  
 सदसद्भाष्यमनिर्वाच्यं प्रपञ्चं केचिदूचिरे ॥  
 सत्त्वासत्त्वे विभागेन देशकालादिभेदतः ।  
 घटादेरिति मन्वाना व्यवस्थामपरे ऋगुः ॥  
 तदेवं वादिसंनर्दात्तं शये समुपस्थिते ।  
 निर्णयः कियते तत्र मीमांसकमतेन तु ॥  
 घटस्वरूपे नास्तित्वमस्तित्वं यद्यबुधेषु ।  
 स्यादेव युगपत्सत्त्वमसत्त्वं च घटादिषु ॥

Since the cognition of non-existence presupposes awareness of existence, the Sāṅkhyas maintain that the world is always characterised by existence.

In order to get over the contradiction presented by the mutually opposed qualities arising from the cognition of existence and non-existence, some thinkers, rejecting both the features of reality and unreality, assert that the world cannot be defined either as *sat* or as *asat* (*sada-sadanirvacanīya*).

Finding that in regard to different times and places, both existence and non-existence could characterise jars and other objects, yet others believe that both existence and non-existence may characterise the world on the basis of certain well-defined spatial and temporal differences.

When doubt is engendered as a result of the keen controversy that rages between these rival theorists, a decision in regard to this matter is arrived at by us in accordance with the Mīmāṃsaka theory.

If a person were to cognise the jar as being at once existent and non-existent, then only could the contradictory features of *satva* and *asatva* be attributed to the jar simultaneously. Since our cognitions

व्यवस्थितं निरस्तत्वाद्वादस्येह न संभवः ।  
 गतुं देशादिसम्बन्धस्तस्य एवोपपद्यते ॥  
 न देशकालसम्बन्धादसत्तत्त्वमिष्यते ।  
 सम्बन्धो द्वयाश्रयत्वात्तत्त्वसत्त्वं सदा भवेत् ॥  
 असतः कारकैस्तत्त्वं जन्मनेत्यतिदुर्घटम् ।  
 आधन्तवान्प्रपञ्चोऽतस्तत्कल्यान्तनिर्विद्यते ॥

उक्तं च,

आदावन्ते च यत्रास्ति नास्ति मध्येऽपि तत्तथा ।  
 अतो निश्चितसद्भावस्तदा सन्नभ्युपेयतान् ।  
 असत्तत्त्वैवाऽसत्त्वं अन्ययोगात्तत्त्वमिवत् ॥  
 असत्त्वे न विशेषोऽस्ति प्रागत्यन्तासत्तोरिह ।

take the following form—"This exists here at this moment" or "It is not here at present"—as a consequence of differences of space, time and states, it has to be inferred that, on the basis of such distinctions of space, time and states, *satva* and *asatva* could be attributed simultaneously to the jar. Hence, it may be concluded that reality and unreality may both be attributed to the jar and the like on the basis of differences of space, time and so forth. This doctrine need not now be considered, as it has already been refuted.

Relation with space and time is intelligible only in the case of *sat* (i.e. The *asat* could not be in contact with space and time). How, then, could it be maintained that the unreal acquires reality with the aid of its relation with space and time? For relation (*sambandha*) is what is found in two relata. Thus the real (*sat*) always possesses the feature of reality. It is impossible for causal factors, however powerful, to create the quality of existence in what is essentially unreal. Hence the universe which has a beginning and end must be included in the category of reality. It has already been said that what does not exist at the beginning and in the end must also be non-existent in the middle. Therefore, from the certain fact of its existence now, let it be admitted that the world exists at all times.

Since unreality can never be created, it always belongs to the unreal, as in the case of the sky-flower. There is no distinction between what is absolutely non-existent and what does not exist at an antecedent time in so far as the aspect of non-existence is concerned, (i.e., differences of space, time and state could neither make the unreal real; nor could they make the real unreal).

.... .. ॥  
 धेतकेतुमुपादाय तत्त्वमित्यपि यच्छतम् ।  
 वधप्रपाठके तस्य कुतो मुख्यार्थसम्भवः ॥  
 कर्पण्यशोकदुःखार्तिश्चेतनस्त्वंपदोदितः ।  
 सर्वज्ञस्त्वसकल्पो निस्तीमसुखसागरः ॥  
 तत्पदार्थस्तयो रैक्यं तेजस्तिमिरवत्कथम् ।  
 त्वमर्थस्य तदस्य वा .... ॥  
 गुणे तत्त्वंपदश्रुत्योरैकार्थ्यं दूरवारितम् ।  
 अज्ञत्वसर्ववेदित्वदुःखित्वसुखितादिके ॥  
 विशेषणे वा चिद्धातो (द्वयके) रथवाप्युपलक्षणे ।  
 विरुद्धगुणतद्विक्रान्तेर्भेदस्त्वात् त्वन्तदर्थयोः ॥

\* \* \* \*

(The opponent may ask.—) When in the sixth chapter of the *Chandogya Upaniṣad*, taking the instance of Śvetaketu, it is declared "Tat tvam asi," how could the words 'tat' and 'tvam' be assigned their primary meanings? The finite soul which is afflicted by helplessness, misery and sorrows is referred to by the term tvam. The omniscient Being, who has a will that is ever-realised and who is the sea of illimitable bliss, is the significance of the word 'tat.' How could these two, which are opposed to each other even as light is opposed to darkness, be equated?

\* \* \* \*

When the qualities found in the object referred to by the term 'tat' and those belonging to the entity denoted by the term 'tvam' (are wholly opposed to one another?).....the view that the terms 'tat' and 'tvam' refer to an identical entity has been completely rejected. Whether characteristics such as ignorance and omniscience, suffering and enjoyment be taken as attributes (*viśeṣaṇas*) or as secondary marks (*upalakṣaṇas*) of the conscious entity, in any case the meanings of the terms tat and tvam must be different; since, otherwise, contradictory features would have to be attributed to an identical object.

## Reviews

*Economics, a Social Science*—By Father Carty.

This book constitutes a collection of Sir William Meyer Lectures for 1939-40 delivered by Father Carty at the University of Madras. The main theme running through all the lectures is that Economics is, and should be, a practical science devoted to the betterment of humanity. The author deals with the social and normative character of Economics and deprecates the tendency to limit the science to its theoretical aspect only by cutting it away from the social background. These six lectures of Father Carty form a brilliant piece of criticism and constructive analysis, full of forceful arguments. The book is amply supported by the views of eminent authorities. They establish the point that Economics should not be a sterile and merely positive science but should be a useful instrument in furthering the economic progress and social happiness of mankind.

In his first lecture, the author traces briefly the history of the controversy regarding the purpose of Economics, whether it should be merely a theoretical, abstract, positive or "light bearing" subject or whether it should be an ethical, normative and "fruit-bearing" science. After examining the views of Adam Smith, Marshall, Pigou and others he comes to Prof. Robbins' view that Economics is nothing more than a science of choosing the best means. The author contends that Prof. Robbins' view is inadequate and unsatisfactory. Having indicated the "place which the concept of economics as a Social Science held in the evolution of the liberal economic thought," the learned author wants the aim of Economics to be clarified and defined as essentially a Social Science devoted to the growth of social happiness.

In his second lecture, "Social Foundation of Economics", the subject matter and the scope of the science is well analysed and explained. The author defines his concept of Social Economics as "the Science which establishes the laws of human behaviour concerning the material interests which form part of the common good of Society."

In his third lecture, "Positive and Normative Science," he demonstrates that the positive science is inadequate and shows how economics



is essentially evolutionary and normative. Referring to the excessive abstractions of some he says: "These economists, concerned only with what tends to be, and describing what the tendencies are or can possibly be, are led to use the various processes of reasoning, logical and mathematical, abstractions and assumptions, away from the facts of real life, in their endeavour to discover the general laws or tendencies of that science. The danger, on the other hand, is that too much abstract reasoning and aloofness from the concrete facts distort the vision and may turn much toil to little use."

In his fourth lecture, the author deals with the problem of reconciling economic principles with the demands of equity. The problems of inequality of income, wages, family allowances, etc., are viewed critically with an appeal to the economists "to face boldly in a constructive spirit the theoretical problems of Normative Economics conceived as organically related both to philosophical ethics and to political philosophy."

The fifth lecture deals with the realisation of economical welfare in the social background. The author goes into the larger problem of socio-economic organisation and the political framework of society. He examines the function of the State and the nature of private property, etc., which form the basis of modern economic organisation, and critically analyses Liberalism, Socialism and National Socialism. He finds them all unsatisfactory. To him Socialism is not in the interests of Society, and National Socialism is but the destruction of the rights of the individual. The real need is for "maintaining the proper balance between the rights of the individual and those of the State." Then only can the problem of Social economics be solved satisfactorily.

A solution of the problem of harmonising the State with the individual is attempted in the last lecture. The State as well as the citizen must co-operate for the furtherance of economic welfare. "These are the two pillars—individual and social—on which the structure must rest, in the further determination of the respective spheres of economic activity allotted to the two agencies." The author prefers the principle of corporate organisation for the reconstruction of social life and has given the main outlines of his scheme.

The name of Father Carty is very familiar and dear to students of Economics in South India. His lectures are interesting and inspiring since they are the outcome of decades of intensive study, discussions and a close examination of the trends of world politics and economics.



Having been a teacher for over thirty years the author has produced a very able defence of Economics as a light and guide to the affairs of men. This book bristles with critical discussions and illuminating quotations from eminent authors and thinkers from different parts of the world. Though this volume claims to be mainly suggestive and not exhaustive it succeeds in proving the necessity for an ethical basis for the economic science. There is no doubt that all will respect Father Carty's views and I am sure many would willingly adopt his opinions as their own. These lectures from the doyen of South Indian Economists are bound to be of great educational value both for students and for those who are interested in the social improvement and economic progress of their country.

B. V. NARAYANASWAMY.

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*A Note on Father Guanaprakasur's Etymological and Comparative Lexicon of the Tamil Language.*

It is a well-known fact that comparative Grammars and Comparative lexicons are the foundations upon which theories regarding the relationship of languages could be reared. In the matter of the Dravidian languages a comparative lexicon has been a long-felt need, a comparative grammar having been written as early as 1856 by that venerable scholar, Dr. Caldwell. Although a promise was made by Sir W. W. Hunter of the Bengal Civil Service in 1868 that he would publish a "Comparative Grammar of Non-Aryan Speech" which he had then in hand, that work apparently has not seen the light of day. Had the promise been realised, we should have had a new glorious vista opened to us, for he was of the firm belief that the study of the non-Aryan tongues of India was destined to open the door to the vast linguistic residue and to furnish the basis of a new science of language. A well-written etymological and comparative lexicon of the Tamil language is sure to throw a flood of light on many of the most important problems in comparative Philology not only because the comparative side cannot overlook the historical side of language but also because, generally speaking, Tamil is one of the most ancient and earliest cultivated languages of the world.

It is only in the 16th century that some Spanish priests helped in the compilation of grammars and dictionaries of American and Philippine languages. In 1786-87 there appeared a glossary of 285

words in 200 languages of Europe and Asia edited at the behest of Empress Catharine of Russia by the famous German traveller P. S. Pallas. The next decade saw the inclusion of 80 more languages, chiefly African and American. Between 1800 and 1805 a Spanish Jesuit, by name Hervas, edited a similar work. The next great work of this kind appeared in 1817, even although it had been planned before 1806. That four-volume treatise was published with the title *Mithridates* by Johann Severin Vater after the death of the German scholar Johann Christoph Adelung who had worked at it. In 1868, Sir W. W. Hunter published a comparative dictionary of the Languages of India and High Asia, and in 1874 Mr. C. Campbell of Calcutta published specimens of Languages of India including those of the Aboriginal tribes of Bengal, the Central Provinces and the Eastern frontier. As a result of the work in 1894 leading to a survey of the several Indo-European and foreign languages in the Indian Empire under the direction of Sir George Grierson, some lists of words were published before 1927.

These are the forerunners of modern comparative dictionaries. The work by Rev. Fr. S. Gnanaprakasam, though like them in certain respects, is yet unlike them for it seeks to establish the similarities and correspondences between the Dravidian and the Indo-European languages in the matter of roots or word-materials. This, however, is not the purpose of the book but only a necessary sequel. The book is well-planned. The intention is to issue it in two volumes of a thousand pages each. Two hundred pages have now appeared as the first two parts of Vol. I. The first part, besides containing a good preface by the author, has a "Philological Introduction" to the book written in eight sections. Of these, Sections IV and VI have been written in Tamil for the benefit of the Tamil reading public. The first section relates to 'the Laws of Dravidian Etymology' as sponsored by the author. The main pivot of the theory of the author on which the whole book seems to turn is that there were only four types of words to start with, they having been composed of one of the deictic bases *a* indicative of being near, *u* of being remote, *i* of being beneath and *e* of being above. "The distinction of predicative words came later. Consonants were harnessed to the deictics for emphasising and thus distinguishing, in different ways, the spatial relations of things with others and in themselves." There are 8 laws mentioned in this section, of which "the law (Law V) of Initial Intensive Consonants" has been

explained at greater length, since it is a controversial point, in a separate paper of the author under that title. To a question whether it was not a well-known fact that initial consonants are gradually dropped rather than newly prefixed to words, the author has replied, by stating (p. 15 of the paper) that in the process of building up a language consonants were used first as finals or formatives in order to differentiate one word from another but when all the resources furnished by the formatives,—first interchanging, then doubling and lastly repeating them—were exhausted, one had to turn to the new device of using the same difficult sounds as initials.

Section II is an introduction to the phonetic changes that generally take place in the Dravidian and the Indo-European. Section III points out under certain well-known sub-heads the semantic tendencies. According to the author the basic principle of Dravidian semantics is that the first meanings of all primary words had reference to concrete things (or to spatial relation in things). Section IV is only a Tamil version of the foregoing sections in English. Sections V to VIII contain bibliographies and Explanation of abbreviations etc.

Then begins the Lexicon proper. Words up to "aḍḍam" are comprised in Part I. Part II takes the matter upto "Alakamān". The derivations are all given, bearing in mind the postulates of the author regarding the primary roots. Clear explanations are given in English and Tamil. Care has been taken to show how developments, according to the author, have taken place in the significance of the words; primary meanings have been placed first, secondary next and so on. It would have been better if dates, as far ascertainable as may be, were given on the model of the New English Dictionary, if only for the benefit of the non-Tamil public. But to expect "a busy missionary", who has undertaken this stupendous work single-handed, to ascertain the exact first occurrences of the words in Tamil literature is not totally reasonable. Anybody could do that later on. After the etymons or true origins, according to the views of the compiler, and after the explanations in English and Tamil are given, there follow as sub-joined notes, wherever necessary, comparisons instituted with the forms in other languages. Allied Sanskrit words are traced to their very roots in these notes. Compound words are generally given under the words constituting the first members of the compounds. All these are commendable features of the book. Occasionally the Roman numerals are put after the derivation and they

imply that they refer to the particular Laws of Etymology enunciated by the author in the Preface. Thus, for a thorough understanding and close following of the lexical matter one has first to acquaint oneself with what is contained in the Preface. The Preface itself is very interesting and deserves careful study. The execution of the work has been on the whole quite good. The author must be congratulated on having brought out single-handed these parts of the Lexicon, which will ever be a monument of his labour of love and zeal and which will help greatly the seekers of knowledge and votaries of truth to know and to realise more and more the importance and greatness of the Tamil language, which has not only been not understood but oftentimes misrepresented. Time alone will show how far we can advance by Gnanaprakasas's method.

There was a time when Hebrew was considered to be the parent of all other languages. That illusion is now gone. For a brief time, a confused notion that the European languages were derived from Sanskrit was in vogue, but it was Sir William Jones that in 1786 dispelled this wrong idea and put forth the view that Sanskrit, Latin, Greek and so on "have sprung from some common source which no longer exists." August Schleicher (1821-68) emphatically denied any relationship between the Indo-European and Semitic consonants. The theory the compiler of this Lexicon is advancing, namely, that the Dravidian and the Indo-European came from a common stock, has not so far been generally accepted by philologists. He himself is conscious of this (Preface, p. vi). It is just possible that with fresh data becoming available from time to time, it could be proved one day that the Dravidian and the Indo-European came from a common parent. What primarily stands in the way of accepting today such a position as this is that similarity in grammatical structure is lacking. Rev. Fr. Gnanaprakasas suggests however (Preface p. xxi), that the two families of languages became separated at the root stage and that the morphology of each family was independently worked out. In this connection, the remarks made by Holger Pedersen of the Copenhagen University in respect of the similarities between the Indo-European and Finno-Ugrian seem to be worthy of note. He said "consideration of the problem whether sound-laws still unknown to us, or morphological development not yet understood, have obliterated the originally more numerous points of similarity, whether the vocabulary in one of the families was largely renewed after the period in common, we must postpone until later." Here too, it is possible to discover such sound-

laws and processes of morphological development as will ultimately help in establishing the relationship between the Dravidian and the Indo-European but till then it could not be claimed that the relationship has been proved.

The Head of the Tiruppanandāḷ Mutt, His Holiness Kāśivāsi Swaminātha Tambiran, has helped the author to a certain extent by means of meeting the cost of the publication of Part I. It is hoped that other philanthropists, whom our country is not lacking, will help the author in bringing out in its entirety the Lexicon, which may form the basis of many fruitful studies hereafter. The author himself does not claim that all his derivations would be acceptable (Preface, p. vii). All the same, the book is a valuable and interesting record of his impressions and bona fide belief that the Dravidian and the Indo-European families were at one time related and that ultimately the relationship could be further broadened so that the Unity of language on Earth may probably be established. The book therefore seems to nurture the suspicion that all the languages of the globe are related to one another—a position which scholars of the eminence of Dr. T. G. Tucker and Mr. H. Pedersen are reluctant to assume.

A. C. CHETTIAR.

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*Road Rail Transport*—By Mr. S. R. N. Badri Rao, M.A., M.Litt., with an Introduction by Prof. B. V. Narayanaswamy Naidu, General Editor, Annamalai University Economic Series, 1941 (Pp. lvii + 608, price Rs. 5).

This is a publication by the Annamalai University, being originally a thesis prepared by Mr. S. R. N. Rao under the guidance of Prof. B. V. Narayanaswamy Naidu and approved for the degree of Master of Letters. In this volume Mr. Rao has made a comprehensive and careful study of the problems of Road Rail Transport with special reference to conditions prevalent in Travancore, Coimbatore and Hyderabad. The book is divided into two parts: Part I deals with Railway Transport, while Part II deals with Road (Motor) Transport. Each part covers quite a wide range of topics. In Part I, the author takes a general survey of the development of road and rail transport in India and examines their respective spheres of influence. This is followed by a very interesting and clear exposition of the theory and practice of Railway Rates, illustrations being drawn from conditions prevailing in America, Canada, Africa and Australia. The influence of competition



In rate-making is clearly brought out and the different ways in which railways resort to discrimination and at times, show undue preference, are explained with special reference to Indian conditions. A very interesting section of the thesis relates to the analysis of Indian freight rates in respect of some important commodities, such as coal, tobacco, linseed, groundnuts and rice. Other chapters in Part I deal with some aspects of Railway Administration, such as railway finance and the problem of increased railway earnings.

In Part II the author deals with the various aspects of road transport relating to its operational basis and the competitive ability of roads as compared with Railways. In this connection, a very commendable and original attempt has been made to assess the comparative road and rail freight rates. This is followed by an original and novel study of the transportation systems in Travancore, Coimbatore, Hyderabad and of the London Transport Board, showing how a well organized transport system, whether undertaken by the State as in Travancore and Hyderabad or private enterprise as in Coimbatore could function smoothly. Subsequent chapters deal with the need and method of road transport control legislation in foreign countries and the problem of rail-road co-ordination. The author, while welcoming statutory co-ordination of these two forms of transport, stresses the need for voluntary co-ordination side by side.

The publication under review is probably the first successful attempt at a detailed study of the problem of rail and road transport in this country. The author has taken very great pains in collecting his data, in spite of the none too helpful attitude of the Railways, and presenting them in an intelligent and intelligible manner. The thesis bears obvious marks of constructive scholarship, commendable patience, and unbiased judgment. Both Mr. Rao and his Professor, Dr. B. V. Narayanaswamy Naidu, deserve to be warmly congratulated on this publication which does credit to the research work carried on under the auspices of the Annamalai University. Mr. Rao's work merits wide publicity, and we feel sure that a careful perusal of the Volume will amply repay the reader interested in obtaining accurate knowledge and helpful guidance in respect of the present day transport problems and policies in this country. The utility of the book is enhanced by the inclusion of statistical appendices, bibliography road and railway maps and graphs.

S. G. BERI.

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*The Madras General Sales Tax Act—A Study.* By Dr. B. V. Narayana-swamy Naidu and Mr. S. Thiruvengadathan, published by the Annamalai University, 1940, (pp. 220, price Rs. 1-8-0).

This is a very timely and welcome publication in view of the introduction of new taxes such as the sales tax by some of the Provincial Governments in India since the inauguration of Provincial Autonomy in April 1937. The subject of sales taxes is comparatively a novel one in this country with the result that all kinds of misconceptions prevail about it in the country. The authors are to be congratulated on their commendable study of the operation of the Madras General Sales Tax Act (1939) in the South Arcot District of the Madras Province.

The book under review covers a wide ground. The authors offer a very readable account of the Sales Taxes in foreign countries where these taxes have been a feature of the fiscal systems in the war (1914-18) and post-war years. The only notable exception to the wide spread prevalence of Sales Taxes is Great Britain, which has not resorted to them partly because of the popular feeling that they constitute a burden on business and partly because of the psychology of the tax payer who prefers direct to indirect taxes. The Madras Sales Tax, while it conforms to the broad principles of sales taxes in foreign countries, yet differs from them in certain respects, such as omission of services on the one hand but inclusion of food and other necessities of life on the other. The authors justify their departure in view of the special conditions in the Madras Province. They give a very succinct account of the history of the sales tax in recent years in the several provinces in India and also offer illuminating comments on the constitutional difficulties under the Government of India Act (1935) and the award of the Federal Court in the case of the Petrol Tax levied by the Government of the Central Provinces and Berar. A very interesting analysis of the motives behind sales taxes, the principal justification for which is productivity, reveals the fact that while Madras has resorted to sales taxation for financing prohibition, Bombay has adopted it for launching its rural development programme. It is noteworthy that the Government of Madras were the first to introduce a General Sales tax although selective sales taxes had been levied earlier by other provinces e.g., C. P. and Bombay.

In successive chapters the authors consider the nature and form of the General Sales tax in Madras, its administration, accounts and accounts checking, double taxation, tax evasion, shifting and incidence of the tax, effects on business turnover and middlemen and dislocation

of business. The effects of the sales tax on the business of co-operative stores has also received the attention of the authors who point out that though the turnover of consumers' co-operative societies has not been adversely affected, the same cannot be said about their development and put in a plea for a sympathetic consideration of their case by the Government. A number of appendices increases the utility of the publication. As the authors themselves point out in their introduction they could not undertake certain fields of enquiry such as the influence of the tax on prices, cost of living and wage level, with the hope of getting positive results, owing to the outbreak of the present war just a month prior to the coming into force of the Act. They have, however, noted the tendencies in these spheres. It should also be noted here that the enquiry into the working of the Sales tax was initiated only 10 months after its introduction, and as such the period was too short to permit of valid conclusion being drawn especially so far as long-range results are concerned. Nevertheless the enquiry has a great value, so far as the early reactions of the General Sales Tax and the difficulties in its administration are concerned. Besides the authors have been able to show that much of the public prejudice against the sales tax is unfounded and that its adverse reactions on consumers, wage earners, merchants and business are exaggerated. It is true that its main justification is productivity and it is a matter of little surprise that productivity, which covers a multitude of sins in taxation, has naturally enough appealed to the needy Provincial governments. It is, however, too early to say how far the sales taxes, general and selective, are likely to equalise the burden of taxation on the various sections of the community, or as is commonly claimed to shift the burden of taxation from country to towns. Nevertheless as the sales taxes bid fair to be a permanent and indispensable factor of Provincial tax systems, it behoves students of public finance dispassionately to study the new form of taxation in all its aspects with a view to gradually improving it.

It is from this point of view that the publication under review is most opportune and fulfils an urgent need of the hour. It is gratifying that the Economic Department of the Annamalai University under the guidance of Dr. B. V. Narayanaswamy Naidu has shown a rare and praise worthy initiative in launching upon investigations, involving field work, into some of the vital socio-economic problems that confront the country. This endeavour should encourage research work in a most fruitful channel and help to place applied economics on a scientific footing in this country.

S. G. BERT.



## EXCHANGE LIST

- Hindustan Review.*  
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*Varendra Research Society, Rajshahi, Bengal—Annual Report and*  
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GENERAL EDITOR

Professor B. V. NARAYANASWAMY NAIDU

# THE PROBLEM OF RURAL CREDIT IN THE MADRAS PRESIDENCY



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## CHAPTER 1

### GENERAL SURVEY

"Credit supports the borrower as the rope supports the hanged" remarked Louis XIV in the 17th century when the nobles through extravagance and the peasants through thriftlessness had fallen into the clutches of the usurers. The same statement is true of India at present. The ruinous rates of interest which the agriculturist has to pay to the moneylender have led the agriculturist from one evil to another so that he finds himself now in a mesh out of which it is very difficult to extricate himself. This thesis is an attempt to analyse the various causes of debts and the nature and volume of indebtedness, to examine the various credit agencies, chiefly co-operative credit, and to suggest certain remedies for the ills of the agriculturists.

In the preparation of the thesis care has been taken to study the condition of the villager by personal investigation and to examine some credit agencies, notably the village sowcars, and moneylenders, the co-operative societies and land mortgage banks. In India the absence of a well organised statistical bureau to give information about the condition of peasants is a great handicap to all research students who set themselves to the task of collecting data about indebtedness and the general economic condition of the peasants. At present there are certain statistical reports relating to agriculture published by the Central Government and the Provincial Governments, but they deal only with the cultivation of crops, live stock and implements, vital statistics, the incidence of land revenue assessment, the harvest prices of certain important crops, the average yield of the principal crops in each province and such other data. But the socio-economic problem, which is so wide in scope, has not much statistics, except some scanty information in the provincial departments of co-operation and education. It is only in the Punjab that the Board of Economic Enquiry has done valuable work in the matter of rural surveys. Outside Punjab, only stray attempts have been made in other Provinces to conduct economic survey of villages. The Madras University, under the guidance of Dr. Slater, undertook an economic survey of South

Indian villages. Since then attempts have been made occasionally to conduct investigations in the villages. In South India, at the Annamalai University, attempts have been made at various times to study the condition of Prohibition in the villages of the Salem District, and the extent of indebtedness and nature of rural credit in some villages of South Arcot District. In 1930 the Madras Banking Enquiry Committee conducted an investigation in two representative villages in each of three representative districts of the Presidency and published a valuable report. Later in 1935, Mr. Sathianathan investigated into the nature of agricultural indebtedness in 141 representative villages in the Madras Presidency and submitted a valuable Report on Agricultural Indebtedness in the Madras Presidency. In his survey of some of the villages of the South Arcot District the present writer followed certain principles and, when tabulating the results, found that the conclusions arrived at independently tallied with those of Mr. Sathianathan. For example, the nature and volume of indebtedness together with the economic condition of the people were studied in 150 families in some villages of the South Arcot District.\* Care was taken to study the problem of indebtedness in the light of the recent Agriculturists' Relief Act. The results were analysed to find out the distribution of indebtedness. In preparing the tables the method adopted by Mr. Sathianathan was taken into consideration. Tables 1, 2, and 3 of Appendix II prepared out of the figures of village survey are a study of the distribution of indebtedness from the point of view of the family, the individual, an acre of land and assessment of a rupee in the case of labourers, registered land-holders paying land revenue between Re. 1 and Rs. 100 and registered land-holders paying land revenue above Rs. 100. The conclusion arrived at is that small and medium land-holders who pay an assessment of Re. 1 to Rs. 100 are the most hard hit of the agricultural classes. Mr. Sathianathan's conclusions for 564 families spread over the Presidency (Vide Appendix II—Table 7) are the same as the conclusions arrived at in the survey of some villages in the South Arcot District. It is only by checking results that definite conclusions could be arrived at. The nature of indebtedness in the case of mortgages, bonds and minor loans (Vide Appendix II—Tables 13, 14 & 15) were studied and conclusions of the usurious rates of interest were derived from those results. The

\*Appendix I, Questionnaire used by the Investigator.

cultivation expenses were calculated in the case of wet and dry crops after questioning many agriculturists.

In the investigation of moneylenders and indigenous bankers, it was very difficult to get at any information from them and hence the help of a friend of the Chetti community had to be requisitioned to get answers to the questionnaire on indigenous banking. If the money lenders are licensed, then there will be no difficulty in getting information about the methods and practices of the big money lenders. In the case of indigenous bankers, the Income-Tax Department could be of some help but that Department is very reticent in furnishing information to research students.

The organised credit institutions—the Co-operative Societies and the land mortgage banks—could be easily studied with the help of the Department of Co-operation. The inspection reports and audit reports of the Co-operative Societies and land mortgage banks can be easily examined in the Office of the Registrar of Co-operative Societies. Nor is it difficult to study the sanctioning of a loan by the Central Land Mortgage Bank. There is no difficulty in getting accurate statistics in the case of these organized institutions. The report on the working of co-operative institutions and the annual report of the Central Land Mortgage Bank contain valuable statistics.

The Royal Commission on Agriculture says "In regard to indebtedness, particularly, we entirely agree with the recommendation of the Indian Economic Committee of 1925 that intensive enquiries should be made into the extent of indebtedness of various classes and tracts, the causes of indebtedness, the source of loans and the rates of interest, and that the results of these enquiries should be published." The Commission believes that this field should be covered by private investigation and that statistics compiled should be in such a form as to permit comparisons to be made. It is, however, necessary that the quasi-official bodies of the type of the Punjab Board of Economic Enquiry and Universities with trained researchers assisted by Government financially and in other ways should conduct triennially or quinquennially economic investigations of all the villages in their areas. The results obtained by different agencies should be collated and published by Government. This will be useful not only in forming an idea of the growth of indebtedness and of the progress in the economic condition of the agriculturists, but will be the basis on which any legis-

lation affecting the agriculturists could be drafted. This will save a lot of time and energy for individual researches in finding out the volume of indebtedness in a certain area.

Here mention may be made of some of the difficulties faced by the investigators in their village surveys. The villagers are ignorant and illiterate, and their poverty is so great that if any person enquires into their assets and liabilities they at once take him for a potential Government officer enquiring into the condition of the people for a possible additional taxation. The investigator, in fact, has to visit the villages many days, become acquainted with the villagers, impress on them his mission and sympathise with them in their lot. When sympathetically treated, the villagers are very hospitable and, in fact, show an eagerness to furnish information. Unfortunately, they do not keep any farm accounts as in the West and even the figures regarding their debts are only rough figures. There are cases of debts contracted without any document to support the contract. If the peasants are constantly visited by the various agencies for figures and are taught the necessity for keeping accounts, they may have confidence in the investigators and realise the importance of such investigations.

After examining the nature, volume and causes of indebtedness in Chapter 3 and measures for the scaling down of debts in Chapter 4, an account is given in Chapter 5 of the business and methods of money-lenders. It has been stressed that regulation and licensing of money-lenders should be immediately brought about; for it would be a great help not only to the debtors but to the moneylenders as well; for they are sure to receive some concession from the Reserve Bank in the matter of rediscounting agricultural paper if they organise themselves. Chapter 6 deals at length with indigenous bankers and banking, the necessity for reviving hundis, which almost correspond to inland trade bills, and the reorganisation of indigenous bankers for receiving benefits from the Reserve Bank. Nidhis and chit funds, which originally sought to encourage co-operative endeavour and to stimulate thrift, if properly directed and controlled, are capable of becoming centres of great use to the needy majority of the Indian population. The sphere of the State in granting loans is extremely limited and it is pointed out how the state should confine itself to granting loans to the poor and in cases, where (due to the passing of a legislation of the nature of the Agriculturists' Relief Act,) there has been drastic curtailment of credit.



The strict enquiry into the repaying capacity of the agriculturist and the security he offers coupled with the complications of the taccavi manual rules makes it impossible for the agriculturist to resort to this type of loan often.

The centre of the problem of rural credit in the Madras Presidency is the reorganisation of the co-operative movement. The Royal Commission on Agriculture rightly remarked that 'if co-operation fails, there will fail the best hopes of rural India'. Much of the material for this chapter on Co-operation has been gathered by personal inspection of some of the co-operative credit societies in the South Arcot District, and by a study of the official papers in the Office of the Registrar of Co-operative Societies, Madras. The chapter begins with a brief description of the theory of co-operation and a historical survey of the progress of co-operation in the Madras Presidency. After a detailed examination of the constitution and management of the primary credit societies the financing institutions of primary credit societies are critically examined. It has been suggested that in the best interests of co-operative movement, the existing Central Banks should continue to function and should not be replaced either by the banking unions as suggested by the Reserve Bank or by the branches of the Provincial Co-operative Bank. The main reasons for the failure of the Co-operative Movement are the dearth of selfless men who could run the co-operative societies in the villages, the inefficiency of non-official supervision which is not connected with the audit by Government, the preparation of the important property statement on which credit is based by the borrowers, the abhorrence of unlimited liability, the execution of awards which converted overdue loans into owning of property by societies and banks and, above all, the negligence of the non-credit side of co-operation. It has been suggested that supervision should be vested in a disinterested, independent body or that government should take up supervision for such time as the societies are well developed. Unlimited liability should not be more a rule than an expediency. Careful checking of the property statement is very essential and the Registrar in a recent circular wants the statement to be checked thrice. The problem of overdues could be best tackled on the model of the Burmese scheme of hire purchase system. Above all, efforts should be made to introduce, in selected centres, multi-purpose societies which will develop the whole life of the villager and make him creditworthy.



Already there are some societies in Coimbatore and Salem and East Godavari which are capable of developing into multi-purpose societies.

Chapter 9 deals with the finance of Marketing and the movement of crops, the methods of marketing produce adopted in some foreign countries, notably the United States of America, the various principles, that regulate co-operative marketing, the special features of grain centres in Chidambaram Paddy Sales Society, the help that the Reserve Bank can give in the construction of warehouses, and the need for compelling of the members to sell through that Society where there is a Sale Society. A suggestion is made in this chapter for amending the Reserve Bank of India Act so as to give intermediate credit to the agriculturists.

Agriculture, like any other industry, requires long-term and short-term credit. Chapter 10 deals with the supply of long-term credit and the working of land mortgage banks in this Presidency. The procedure in regard to the sanction of a loan to a member of the primary society has been examined at some length. The controversy between Sinking Fund and the Debenture Redemption Fund has been examined and a suggestion is made for the starting of a special fund for meeting any loss on account of interest on investment of funds out of the Debenture Redemption Fund. This chapter also examines questions such as the delay in the grant of loans, the necessity for the extension of the period of the loan, the increase in the amount of the loan that could be granted by the Central Land Mortgage Bank, and the granting of loans by Central Land Mortgage Bank direct to individuals.

In conclusion, the co-ordination of credit and the attitude of the Reserve Bank towards co-operation and other agencies of credit have been discussed. Generally Central Banks maintain their assets in short maturity credit instruments which are considered to be easily marketable and promise to be self-liquidating at maturity. As the Central Banks accept even long dated government securities, they should not refuse to accept first class securities of any kind as sound assets. For these reasons central banks should maintain long dated agricultural bonds, the principal and interest of which are guaranteed by Government, as part of their assets. The Reserve Bank of India in their circulars to the co-operative associations gives only sound advice regarding their reorganisation and does not come forward with immediate help. While the co-operative banks should be run on business lines as the Commercial Banks are run, the present position of the

movement does not allow such strict principles to be adopted. It is only when the multi-purpose society is firmly established and the life of the villager is developed can there be a first class agricultural paper that can be rediscounted with the Reserve Bank easily. To develop the bill habit in the people, the Reserve Bank should utilise part of the profits from the note-issue department in the building of warehouses. A well developed co-operative movement will find it easy to conform to the regulations of the Reserve Bank in the matter of dealing with it directly. Regarding the help the Reserve Bank could give to Central Land Mortgage Bank, it is merely advice in the flotation of debentures. The Reserve Bank through its Agricultural Credit Department, which should be a co-ordinating authority for intermediate and long-term credit as in the Federal Farm Credit Administration of America, float the debentures of the Central Land Mortgage Banks. Section 18 of the Reserve Bank of India should be taken advantage of in dealing with individuals direct until individual producers organise themselves. The Bank should be authorized through its Agricultural Department to make advances for periods not less than nine months and not more than three years and should be empowered to borrow from the Government and float debentures. It is suggested that the Reserve Bank can easily invest its money in the bonds, not necessarily for five years, but for twelve months to be renewed at maturity every time. This practice is followed by the Savings Bank of Victoria which invests its funds in the Credit Foncier Department of Victoria, Australia. Regarding the allocation of the profits of the Agricultural Credit Department, the practice obtaining in the Rural Credit Department of the Commonwealth Bank of Australia should be followed.

It is suggested that credit by itself will not save the agriculturist. An intense propaganda by the Agricultural Department regarding the adoption of better instruments of cultivation coupled with the starting of multi-purpose societies will improve the return from land. While in the West mechanised farming has resulted in an appreciable increase in the yield from farms, every effort should be made in this country to develop joint farming and the use of machines in ploughing, sowing and harvesting. It has become a common objection in this country that the poor peasant with his small farms will not be able to introduce these improved methods in agriculture. If the peasant is to cultivate his lands individually there will be no salvation for him. He will be

continuing his old methods of agriculture but with very slight improvement effected by the Agricultural Department and will not find substantial improvement in his lot. Above all, what is needed is a stable price level for the produce of the farmer. Only a Central Bank can achieve this stable price level and such a Central Bank should be free from outside control in order that it may act in the best interests of the country. "To be dragged after the chariot wheel of the Bank of England and be dictated by the exigencies of the British Treasury seems indeed derogatory to the dignity of the country." Though at present we have a Reserve Bank which possesses the outwardly fine structure of an advanced type of central banking, it is, in its practical working, bereft of the life and spirit of a centralised banking system.



## CHAPTER 2

### RURAL ECONOMY IN THE MADRAS PRESIDENCY

A description of the physical features and resources of the Madras Presidency and an outline of the economic conditions provide the necessary background for a discussion of the problem of rural credit.

The Madras Presidency may be divided geographically into the eastern coast, the western coast and the table land. The two big mountain ranges—the Eastern and the Western Ghats run along the two coasts leaving between them and the sea narrow strips of land which are usually fertile. The three rivers, the Godavari, the Kistna and the Cauvery are the principal sources of irrigation in this Presidency.

#### *Climate and Rainfall*

The climate is generally hot and enervating and the mean temperature in Madras in May is about 89° and in January 76°. The hill tracts upto 4,000 feet are malarious, but the plains are comparatively free from serious malaria. In general, as the climate is warm and enervating, it induces lethargy and slackness in work. There are two monsoons in the year—the southwest monsoon which causes fairly heavy rainfall on the Western Coast in the districts of Malabar and South Kanara, and the north-east monsoon which causes heavy rainfall in the rest of the Presidency. The main river deltas are dependent on the south-west monsoon. Rains do not fall regularly year after year and the years of drought are often followed by floods which are devastating in their nature. The poor agriculturist who depends on rain suffers both from drought, when for want of rain his field dries up, and from floods, which destroy his valuable crops. It is quite usual for the Ceded Districts to face famine owing to drought. Famines in the rest of the Presidency are not common, though floods usually destroy property and cattle.

#### *Tenures*

The main forms of tenure are the ryotwari, the zamindari and the inam. The principal tenure in the Presidency is the ryotwari system of holding lands under which the ryot holds his land direct from the Government subject to the payment of land revenue. The powers

of alienating land are not restricted. The land revenue ordinarily remains fixed for a period of thirty years at the end of which period it can be decreased without limit or increased up to 18½% on the recommendation of a special settlement officer. A ryot holding a land will be assessed whether he cultivates it or leaves it fallow, but is entitled to remissions of land revenue granted for drought or other satisfactory causes beyond the control of the ryot. If a certain piece of waste land is felt useless by a ryot, he can relinquish the land to Government and thus avoid paying land revenue. Table 33 of Appendix II gives the extent of the total area of ryotwari holdings, the assessment to land revenue, and the remissions for 1937-38. The extent of the dry and wet ryotwari holdings in this Presidency is 22,309,808 acres and 5,285,770 acres respectively and the assessment on these lands for the year 1937-38 is Rs. 25,201,295 and Rs. 35,087,126 respectively. Second crop assessment and charge for water on government lands are Rs. 41,25,694. The total remission of land revenue for the year is Rs. 34,33,828.

Under the zamindari tenure, the Zamindar holds his estate under a 'sannad' by paying to the Government a fixed sum every year known as the 'peshkash.' There are occupancy tenants under the Zamindar who pay him a fixed rent. They have an occupancy right which is alienable without any restrictions. The ryot, however, can be evicted for non-payment of rent and for rendering the land unfit for cultivation. The number of acres owned by the Zamindars between 1937-38 was 13,242,230. The estimated revenue realised by the Zamindars was Rs. 2,02,35,089 and the peshkash payable to the Government was Rs. 46,79,511.\* The relations between the Zamindar and his ryots are regulated by the provisions of the Estates Land Act.

There are inam holdings of various kinds, the main features of which are that land is held on a reduced or nominal assessment or quit rent on condition that certain religious, charitable and other services are rendered to the community and failure to do this will result in the resumption of the land or full assessment at the ryotwari rate.

The tenures in Malabar and South Kanara are different. In Malabar the Janmi holds the land of Government on payment of assessment. Under him the Kanamdar holds on a twelve years' lease and he has a right to renew on payment of a fee. When he leaves at the end of a

\*Table 32—Appendix II.

period, he is entitled for compensation for all improvements he has effected. Both the Janmi and the Kanamdar also lease their lands to tenants for short periods. The Kanamdar's position and rights in land are little different from those of the Zamindari occupancy tenant. In South Kanara, the holding is held under the multi tenure and the mulawargadar holds land under government subject to payment of kist and has special claims on adjacent waste lands called kumaki right. There are two classes of tenants—the mulgenidars with occupancy rights and chalginedars or tenants-at-will.

### *Population*

The population of the Madras Presidency according to the census of 1931 was 46,740,107. The population in 1921 was 42.32 millions. There was therefore an increase in population of 4.42 millions during the previous decade. Deducting the population of Ganjam and a portion of Vizagapatam from the 1931 figures, the population of the Province as now constituted according to the Census of 1931 is 44 millions. The estimated population in 1939 taking into consideration the decennial increase is 47.52 millions. It was calculated both in 1921 and 1931 census that the percentage of the population dependent upon agriculture was 71%. So we may roughly calculate that 34 millions of people in this Presidency in 1939 were supported by agriculture. According to the 1931 census the chief contributions to 1000 persons engaged in cultivation are—agricultural labourers 429, cultivating owners 390, cultivating tenants 120, non-cultivating owners 34, non-cultivating tenants 16.

### *Classification of Land and Area Irrigated*

All lands in the Presidency are surveyed and divided and then again sub-divided as occasion arises for such sub-divisions. From the revenue point of view, cultivable lands are divided into dry and wet. On the wet lands irrigated crops are normally grown. Dry lands are generally on a higher level than wet lands and depend almost entirely upon rainfall for water. Wet rates are much higher than dry rates; but if water from a recognised source of irrigation is supplied to dry lands or for raising a second crop on wet lands, an extra water rate is charged. In the Western districts of Malabar and South Kanara there is an additional classification of lands known as garden in which coconut, arecanut and spices are grown.

Soil plays a great part in the productive capacity of land in the coastal plains. The laterite soil in the western plain reduces agricul-



tural productivity to an appreciable degree, though that portion of the Presidency enjoys the heaviest rainfall. In the eastern plain, particularly in the deltaic regions, the ferruginous red soils are found to be more productive than the laterite though they require continual watering. In this region the yield of crops depends on the efficient system of artificial irrigation. The Mettur Dam is the biggest achievement in the irrigation system of the province. The dry tracts of coastal plain where black soils are found conserve moisture during a long time and grow both summer and winter crops in spite of scanty rainfall. Cotton is generally grown in this region.

The rivers Godavari, Kistna, and Cauvery supply water to the three main deltaic areas; and the districts to benefit by channels from these irrigation sources are East Godavari, West Godavari, Kistna, Guntur, Tanjore, Trichinopoly and South Arcot. The development of artificial irrigation schemes in the eastern plains is due not only to the insufficiency of rainfall but the necessity of continuous water supply to those regions. A splendid canal irrigation has been evolved in this region by controlling the deltaic rivers. The Cauvery-Mettur project which was completed at a cost of over 7 crores of rupees has brought under cultivation a vast dry area in the Tanjore District—the percentage of irrigated area rose up as high as 73% in the Tanjore delta—besides supplying more water to the old Cauvery delta. The South-West monsoon rarely fails on the West Coast. Lands to the West of the hills and those areas irrigated by rivers rising in the Nilgiris and the Western Ghats and the Travancore hills have an adequate water supply. This supplies Malabar and South Kanara districts, the Godavari, Kistna and Cauvery deltas, the Kurnool-Cuddapah canal, the Periyar system, and a number of minor irrigation sources. In the arid black soil region of the north, the very nature of the soil does not require any artificial irrigation to a great extent. A considerable area in South Madras, in Ganjam, Vizagapatam and Nellore is dependent upon irrigation by tanks and minor projects which rely on local rain or small rivers for water. The total area of the Province in 1937-38 was 79,802,543 acres. Of this, forest accounted for 16.5 per cent, lands not available for cultivation 18.3%, cultivable waste other than fallow 13.2%, current fallows 11.9%, and land brought under cultivation 40.1% or 32,031,679 acres. The total area irrigated in the Province excluding lands that were transferred to Orissa, was 8,745,444 acres. This formed only 27.3% of the net area sown in the province. Government canals, the most important source of irrigation, accounted for 42.9% of the total area irrigated, tank 36.5%, wells 15.5% private canals 1.9% and other sources, the remaining 3.2%.

## Area Sown with Crops

The total area under all irrigated crops was 10,838,480 acres (1937-38) representing 29.5% of the total area under all crops. Of the total area, the area under cereals and pulses was 88.3%, oil-seeds 3.2%, cotton 2.7%, sugar 0.8% and other crops 5%. From the point of view of irrigation, the most important crop was paddy, which accounted for 78.2% of the total area under paddy. The percentages for other crops irrigated were 52.5 for ragi, 29.6 for indigo, 16.1 for gingelly, 11.6 for cotton (mainly Cambodia), 11.2 for cumbu, 8.7 for chalam and 4.7 for groundnut (mainly summer groundnut). The following table detailing area sown with crops will be interesting study.

Crops	Area in 1937-38 acres	Area in a year of normal season (Acres)	Percentage of the area under crop to the total area under all crops in 1937-38
Paddy	10,149,831	10,300,100	27.5
Chalam	4,599,444	4,632,090	12.5
Cumbu	2,571,988	2,712,090	7.0
Ragi	1,618,118	1,762,150	4.4
Korra	1,296,531	1,657,899	3.5
Varagu	834,053	1,075,830	2.5
Samai	516,948	589,940	1.4
Bengal Gram	52,240	92,090	0.1
Horse Gram	1,647,336	1,738,200	4.4
Sugarcane	97,965	115,600	0.5
Groundnut	4,657,596	3,075,230	12.6
Gingelly	764,875	764,090	2.1
Castor	246,718	293,550	0.7
Cotton	2,543,301	2,284,670	6.9
Indigo	23,167	35,440	0.1
Other non-food crops	1,274,861	1,303,450	3.7
Total of all food crops	26,623,219	27,792,580	72.1
Total of all non - food crops	10,294,717	8,398,530	27.9
Total area under crops	36,917,936	36,191,100	100



The variation in acreage of some important food and commercial crops taking the acreage in 1928-29 as 100 is given below.\*

Year	Index number of acreage of				
	Cereals & Pulses	Cotton	Groundnut	Sugarcane	Tobacco
1928-29	100	100	100	100	100
1929-30	103.52	100.48	87.23	110.14	100.58
1930-31	103.29	82.82	87.08	128.97	95.07
1931-32	102.38	89.44	71.83	130.36	105.32
1932-33	102.62	79.10	95.58	135.75	100.35
1933-34	100.30	87.47	102.72	136.57	97.10
1934-35	99.64	93.48	83.90	140.68	114.52
1935-36	92.47	108.09	68.40	135.91	109.47
1936-37	92.70	100.98	94.99	134.33	99.19
1937-38	89.75	103.19	126.59	109.98	115.28

According to the indices, there was a gradual reduction in the area under cereals and pulses amounting to 10.25% in 1937-38 as compared with 1928-29, but an increase of 17.03% in the total acreage of the four important commercial crops. The area under food crops which was 78.1% in 1927-28 fell to 72.1% in 1937-38. Thus, in recent years there has been a gradual replacement of the areas under cereals and pulses by commercial crops. "This state of affairs is due partly to the impetus afforded by the comparatively more favourable prices which the commercial crops have in general commanded during the depression years in relation to prices of food crops and partly to the increasing ex-

\*Economic resources of the Province of Madras and possibilities of their development by Mr. L. B. Green, Director of Industries and Commerce.

exploitation of commercial crops for industrial purposes consequent on the gradual development of industries in this Province."

The Madras Banking Enquiry Committee says "The three main features which affect the value of land are: its net yielding power, the regularity with which it will give that return and its saleability." If we exclude the estates on the hills under European management, the paddy lands in the deltas are the most valuable. Water supply is ensured by artificial canal irrigation and the silt carried down by rivers constantly supplies a modicum of fertility and the crop yielded gives a good return. Though the lankas or islands of silt in the Godavari are more fertile and though tobacco and garden crops grown on those lands are more valuable, the sale value of land is less in proportion to annual return, because they are submerged during high flood and washed away. Tea, coffee, and pepper, which certainly give per acre a better yield than most other dry crops, form only a small area of the Presidency. Because cultivation of these crops requires huge capital and the period of waiting for the crops for a return is four or five years, the Indian peasants refrain from growing such crops leaving such business to rich European planters. Hence these areas have only a low density of population in spite of fertility. The densely populated area is the paddy region in the coastal plains. Here too, there is a difference between the density of population in the canal irrigated tracts and that in the unirrigated tracts of river deltas. "In fact," as one writer says "agriculture is so much dominated by canal irrigation that the growth of population is limited by the possibilities of the extension of irrigation." For example, in the Kaveri delta, 'a comparative saturation of population has an obvious connection' with the fact that the Kaveri irrigation system is being utilised to its maximum." Besides, Coimbatore, Salem, Trichinopoly, Tinnevely and Madurai—where there is a combination of food crops, viz., rice, with commercial crops, chiefly cotton—are prosperous areas. In South Kanara and Malabar, the well-watered valleys of the West Coast, a long agricultural season yields a rich variety of food crops and commercial crops. Rice and millets in the low lands, garden cultivation of spices, condiments, sugarcane, cardamom and betel in the area above the low lands and ragi cultivation on the dry fields above garden lands, in addition to the intensive cultivation of coconut yield a good income to the people and the density of population is very high.

*Value of Crops and Their Present Price.*

The Madras Banking Enquiry Committee Report has given figures regarding the normal yield in pounds per acre of various districts in this Presidency (supplied by the Agricultural Department based on the actuals over a number of years.) As there is no possibility of any appreciable increase in the yield within a decade, those figures are summarised here for the whole Presidency.

		Lbs. per acre Average for the Presidency
Paddy Irrigated	..	1,720
" Unirrigated	..	1,144
Cholam Irrigated	..	1,454
" Unirrigated	..	574
Cumbu Irrigated	..	1,200
" Unirrigated	..	543
Ragi Irrigated	..	1,470
" Unirrigated	..	707
Korra	..	400
Varagu	..	866
Samal	..	457
Maize	..	1,068
Bengal Gram	..	407
Horse Gram	..	193
Sugarcane	..	6,418
Groundnut	..	1,114
Gingelly	..	302
Caster	..	233
Cotton Irrigated	..	244
" Unirrigated	..	73
Tobacco	..	1,175

There are variations in the yield of crops not only from one district to another but between one field and another.

The following table will give an idea of the value of some important crops. Wholesale prices of forecast crops reported by Deputy Directors of Agriculture as prevailing during the harvest months in 1937-38 \*:—

\* Season and Crop Report of the Madras Presidency 1937-'38.

District	Paddy (Madras measure)	Jaggery (candy of 500 lbs.)	Cotton (bales of 400 lbs.)	Groundnut (candy of 500 lbs.)
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Vizagapatam ..	0 1 11	21 0 0	115 9 0	17 8 0
East Godavari ..	0 1 3	25 0 0	98 15 0	..
West Godavari ..	0 1 3	25 0 0	98 15 0	..
Kistna ..	0 1 0	30 0 0	195 0 0	17 8 0
Guntur ..	0 1 0	32 0 0	97 8 0	18 0 0
Kurnool ..	0 1 2	40 0 0	80 0 0	12 2 0
Bellary ..	0 1 4	19 0 0	..	21 0 0
Anantapur ..	0 1 2	20 0 0	..	20 8 0
Cuddapah ..	0 1 2	17 14 0	57 2 8	17 14 0
Nellore ..	0 1 0	25 0 0	63 12 0	17 0 0
Chingleput ..	0 1 0	25 0 0	..	25 14 0
South Arcot ..	0 0 11	23 12 0	..	27 12 0
Chittoor ..	0 1 0	18 0 0	..	21 3 0
North Arcot ..	0 1 0	30 0 0	..	22 2 0
Salem ..	0 1 1	19 2 0	..	20 11 0
Coinbatore ..	0 1 4	38 8 0	..	16 10 0
Trichinopoly ..	0 1 3	36 8 0	90 14 0	12 7 0
Tanjore ..	0 1 0	28 0 0	..	25 8 0
Madura ..	0 1 2	38 0 0	..	13 10 0
Ramanad ..	..	..	..	..
Tinnevely ..	0 0 11	35 0 0	..	16 0 0
Malabar ..	0 1 2	47 8 0	..	..
South Kanara ..	0 1 2	40 0 0	..	..

### Holdings

The highest total number of joint and single pattas for fasli 1340 are those yielding a land revenue of above Re. 1 and not less than Rs. 10\* (Figures regarding classification of pattas are not published in the recent reports of Land Revenue Settlement). The number of pattas which yield a land revenue above Rs. 50 is not large. A revenue holding may consist of a single field or sub-division or a number of fields and sub-divisions in the same village. If a person holds land singly, a single patta is given to him and if he holds a land jointly, as is generally the case in South India, joint pattas are issued to the ryots. Under joint patta where names change often, it is necessary to have the pattas trans-

\*Vide Table 17—Appendix II.

ferred in the register. Of late, joint pattas are on the decrease and Mr. Sathyanathan thinks that such decrease is "a sign partly of the disintegration of the joint family or the growing urge for partition." In the survey conducted in the Cuddalore Taluk, it was observed in many cases that the smallest piece of holding was  $\frac{1}{10}$  acre or 0.06 acre. To take only one instance, a peasant who was owning lands to the extent of 3 acres dry and  $\frac{1}{2}$  acre wet had his land distributed in fifteen places and the longest distance from one piece to another was more than half mile. These small holdings are a big obstacle to land improvement and the introduction of mechanised farming. It is on the partition of lands that the villagers fight and go to the highest tribunal for judgment.

### *Cultivation Methods*

The yield of the crop depends on methods of cultivation and the latter are partly influenced by the system of holdings. Holdings in India being very small, no attempt has been made to introduce mechanised farming. Even the big landholders in South India follow the same method of cultivation as the small holder. The wooden plough, the sickle and the spade are all the instruments used in cultivation and with the employment of men and cattle, the lands are ploughed, sowed and crops are harvested. The continuation of this age-long custom has not improved the yield of the land. In fact, the yield of land is deteriorating, because of the inefficient methods of cultivation. Local supplies of manure are defective. Manure crops, e.g., sunn-hemp, are grown in certain places, green leaves are used in some places and oil cakes in some other districts. In regard to paddy, considerable variations in seedlings are employed and this depends largely on the transplantation of seedlings in large bunches or singly. The rotation of crops, so important in other countries, is practised only to a limited extent in this Presidency. For example, in the Coimbatore District, cotton alternates with cholam. In the dry taluks of the Kistna District, there prevails the custom of growing five crops together on one bit of land with the hope that at least one will succeed. But this is not by any means rotation of crops; it only reveals the extremely precarious condition of the Indian ryot.

Cultivation expenses for an acre of dry and wet land collected from the survey in the Cuddalore Taluk are given in Appendix II—Table 62. After meeting cultivation expenses, paying land revenue, etc., the net income from land will be less than half the value of crops. This is the case in a very good season.

*Social and Religious*

The economic position of the agriculturist is affected to a great extent by the social and religious aspect of the farmer's life. Caste and racial sub-divisions, which are fast disappearing in the towns, but which still affect the condition of life in most villages, impair efficiency and perpetuate economic differences. The lower strata of society still cling to age-long customs and superstition. The influence of towns has not affected them. Religion has become almost "a conglomeration of superstitious beliefs which have become a serious economic handicap." For example, even when money can be obtained only at usurious rates, there is much extravagance on religious feasts and on the occasions of births, marriages and funerals. For the improvement of village life, superstitious beliefs should be eradicated by constant propaganda and education.



## CHAPTER 3

### PRINCIPLES OF AGRICULTURAL CREDIT IN INDIA

#### *Should Agriculturists Borrow?*

M. T. Herrick said "In a financial sense, credit is that confidence reposed in a person which enables him to obtain from another the temporary use of a thing of value. It may be accorded on the security of real estate, personal property, or mere character; and so is classified in three general forms deriving their names from the kind of security taken." The bulk of world's business is done on credit, that is, on the trust reposed by one person in another. Nations and public corporations also borrow on the credit they command and at present they are bonded beyond thought of redemption. Industrial companies and commercial houses usually operate on the large credit they receive. Agriculturists also must and will borrow to carry on their operations. This necessity for the agriculturist to borrow more than in any other industry is that an agriculturist's capital is locked up in land and stock and must be temporarily mobilised. For these reasons credit can neither be considered objectionable nor can it be considered a sign of weakness. It is a necessity and "borrowing and indebtedness are useful or dangerous in proportion not merely to the use made of the sums borrowed, but in proportion as they are the result of a prudential foresight or of necessity extraneous to the demands of agriculture."

#### *The True Postulates of Credit*

In his monumental report on the possibility of introducing Land and Agricultural Banks in the Madras Presidency (1895), Nicholson gives a brilliant analysis of the conditions on which credit can be most profitably obtained by agriculturists. According to Nicholson, the true postulates of credit are "absolute proximity of lender and borrower, complete security to the lender as regards the title of the property offered, its freedom from prior encumbrances, the recovery of his capital and interest at due date and in convenient amounts, with facilities for enforcing such recovery in case of arrears; thorough safety and facility to the borrower, in his ability to obtain cheap loans; at any time, to an amount



proportionate to the security he can offer, and upon terms which will be so equitable in themselves, so convenient as regards repayment, so free from all risk of deliberate entanglement, so based upon published rule, so devoid of any tendency to discount necessity or urgency otherwise than by an equitable insurance, that he can calculate on repaying the full fruit of his prudence, and find, in credit, a powerful auxiliary to his productive powers and stability." The terms of repayment of a loan must be so arranged that the agriculturist can repay the loan from the profits obtained from the transaction for which it was obtained. Accordingly an improvement to land must be repayable by instalments over a long period. Advances for raising crops or for the maintenance of the agriculturist's family during harvest may be repayable in a lump sum or in instalments according to convenience. Examining the position of the individual moneylender on these postulates, Nicholson concludes that the credit given by him is absolutely defective except for the fact that he fulfils the single postulate of proximity. Trading as he does on private capital, it is impossible for him to satisfy the demands for loans at any time and to any amount. He cannot lock up his capital and draw his money in instalments. The moneylender cannot satisfy the two other postulates of complete security to the lender and thorough safety and facility to the borrower. Only organized credit institutions can supply cheap and facile credit. But as the indebtedness of the agriculturist is due to causes outside the demands of agriculture, and is not due merely to the action of the usurer, no mere change in the machinery of credit can be a radical cure. So Nicholson says that the credit which the agriculturist gets "must indeed be cheap and facile, in that it shall be ever at hand, but it must be credit which shall only be so obtainable that the act and effort of obtaining it shall educate, discipline and guide the borrower; it should be granted only to those who have learnt to think, to plan, to save; the method of providing it must teach the lessons of selfhelp, and mutual aid, and suggest the extension of those lessons to matters outside of mere credit; it must be safe not merely in eliminating the dangers of usury but in being controlled, needful and productive." These postulates of true credit laid down by Nicholson can only be fulfilled by the Co-operative village banks.

#### *Credit Needs of Agriculture*

According to the nature and purpose for which the different kinds of credit are employed, the credit needs of the agriculturist may be broadly classified into short term, intermediate and long term. Short



term credits are for seasonal agricultural operations which include not only the expenses of raising a crop and storing and marketing it but the maintenance of the ryot and his family, periodical payments of land revenue and other public charges connected with land. The principle that should regulate short term credits is that agriculturists should use short term credit for productive purposes only and should not borrow, unless by doing so they can increase their profits. Limiting borrowing to the necessities of production is one of the surest methods of avoiding extravagant expenditure and of accumulating a reserve for future needs. It is only short term credit that commercial banks are generally willing to supply, because such credits are expected to liquidate within a short duration. It is considered that, in the supply of short term credit, there is no essential difference between agricultural and industrial production. It is generally recognised in the West that agricultural paper is as self liquidating as any kind of commercial paper, the only difference being that agricultural paper takes a long time for maturing, usually about nine months. The reason is, the turnover in agriculture is much slower than in industry. Hence the period for which the agricultural paper is discounted should not exceed the length of time required to complete the operations for which the loan is made.

#### *Peculiar Features of Indian Agriculture*

The main difference between the operations in agriculture and those in industry in India is that while production in industry can be correctly gauged, that in agriculture cannot be gauged. In the West, the high mechanised farm and other improvements in agriculture have made it possible to determine the volume and quality of crops to a certain extent. The only control that man has not got over nature is the seasonal variations, the wide spread drought and floods. This factor alone is primarily responsible in the Western countries for the difference between agricultural production and industrial production. In the Indian system of agriculture "the units of production are essentially a one-man concern and the credit available for the concern is limited to the credit of one man or one family." Small scale farming renders farming more helpless than any other form of industry. The impossibility for a commercial bank of making advances to agriculture is described by the Central Banking Enquiry Committee: "effectively to finance the cultivators of a single district or even of a taluka, the resources of a commercial bank have to be dis-

tributed amongst thousands of small borrowers. To back up a banking credit his crops or live stock or dairy produce are comparatively more liquid and more easily realisable assets of the cultivator. Even these are precarious forms of security owing to the physical risks, such as floods, failure of monsoon, pestilence among livestock and so forth to which production is subject. The most honest and thrifty farmer cannot under such contingencies always pay back punctually his debt; and if agricultural credit should have beneficial effects, the creditor should postpone his demand until the effects of a devastating visitation are over or a more favourable season comes round. Again if the credit, of a substantial sum (advanced to a farmer) cannot wholly be recovered from a year's harvest without starving his other economic needs, his limited repaying capacity necessitates the recovery of the same in small dribbles over a number of years, out of the margin of the profits of his farming. The rapid circulation of money being essential to the success of a commercial bank and the bulk of its working capital being derived from short-term deposits or call money, a commercial bank cannot, generally speaking, obviously afford to postpone its recoveries or tie up its resources to accommodate the farmers' needs." Hence short term agricultural credit in India is to be financed by a special institution—the Co-operative Society—which will take into consideration the peculiar nature of farming.

#### *Intermediate and Long-term Credit*

These problems cannot be handled either by the commercial banks or the Co-operative societies in India. At present in India Co-operative societies afford intermediate credit to farmers, but when they come into contact with the Reserve Bank for financial accommodation they will find that this kind of business is not suited to them. Intermediate credit is for the purpose of improving stock or the agriculturists' holding and the loans required cannot, as a rule, be repaid within the maximum period usually allowed for a short term loan which may require a period of one to three years. Special institutions for intermediate loans on the model of the Federal Farm Credit Administration are desirable.

The bulk of agricultural credit always consists of long-term loans for fixed capital which is used for redemption of debts, reclamation of land, purchase of new lands or expensive implements like pumping installations. The agriculturist cannot expect to repay these loans in

a lump at a very short period. The period of repayments is spread over a long period and the instalments are carefully fixed, taking into consideration the net income from the land and the repaying capacity of the agriculturist. America and England have well-developed institutions for this important form of credit. In India the establishment of land mortgage banks is a correct move to finance the long term requirements of agriculture.

Will facile credit alone solve the problem of the agriculturist? This leads to a further question. When will credit be facile and cheap to the agriculturist? A borrower who is capable of repaying a loan punctually, and whose creditworthiness is very high can alone expect to get credit cheaply from any credit agency. In other words, cheap and facile credit can only exist when the life of the agriculturist as a whole improves. That is mainly the reason why in the West the rate of interest to agriculturists through organized credit institutions is cheap, while in India it is high. Thus we are led into a vicious circle of cheap, and facile credit and agricultural improvement following each other. Both are of mutual causation. To bring about this improvement in the life of the agriculturist and to make him creditworthy and capable of receiving facile credit, the co-operative multi-purpose society should be started in the villages and vigorously worked. As the Committees on Agricultural Credit and Agricultural Tribunal of Investigation in England have observed "Credit alone cannot convert an unprofitable industry into a profitable one.....Credit may be an important factor in the cost of production in individual cases, but it is mainly in other directions that a solution must be sought of the difficult problem of how agriculture generally can be made to pay."

## CHAPTER 4

### INDEBTEDNESS—VOLUME, DISTRIBUTION AND CAUSES

#### *Sources of Information*

It is impossible for a research student working single handed to assess precisely the volume of indebtedness. In fact, the Madras Banking Enquiry Committee and Mr. Satyanadhan, Special Officer appointed by the Government of Madras to go into the causes and volume of indebtedness and to suggest remedies, were not able to arrive at any correct figures; at best their figures were only approximate. The reason is the lack of statistics in India. In villages people are stupendously ignorant of the value of statistics. The difficulty I experienced in collecting accurate figures of the debts of the peasants (during the surveys conducted by me in some of the villages of the South Arcot District) is enough to show how ignorant and illiterate the peasant is. He is quite detached from the outside world and, if he finds a stranger enquiring into his personal affairs, he shrinks as a snail encountering an obstacle would shrink into its shell. The statistics relating to agriculture published by the Government of India and the Provincial Governments deal only with cultivation and crops, livestock and implements, vital statistics, the incidence of land revenue assessment, the harvest prices of certain important crops, the average yield of the principal crops in each province and such other economic data. But no authentic information can be had of such socio-economic problems as indebtedness, mortgage debt and fragmentation of holdings. These problems have been left purely to private bodies to enquire into. The Royal Commission on Agriculture says, "we think, however, that this is eminently a field for investigation by private agency rather than by government departments. It is very necessary, however, that private investigations should be conducted on some general plan so that the statistics compiled shall be in such a form as will permit comparisons to be made." Semi-official bodies of the type of the Punjab Board of Economic Enquiry and Universities with trained researchers assisted by government financially and otherwise should conduct economic surveys of all the villages once in three or five years and the results arrived at should be collated and published in the form of reports triennially or

quinquennially by the Director General of Commercial Intelligence and Statistics. This will save a lot of time and energy in finding out the volume of indebtedness. Moreover, where the peasants know that the collection of statistics of indebtedness has become periodical, they will get to have confidence in the investigators and will begin to give a true picture of their indebtedness.

The sources from which information and conclusions were arrived at are :—

- (1) Sir Frederick Nicholson's Report on Land and Agricultural Banks in the Madras Presidency.
- (2) The Madras Banking Enquiry Committee Report, the Evidence Reports and the Investigators' Report.
- (3) Report on Agricultural Indebtedness—W. R. S. Satyanadhan.
- (4) Economic Survey conducted by the writer in some of the villages of the South Arcot District, in May, 1938.
- (5) Rural Indebtedness—An Enquiry by Dr. B. V. Narayanaswamy and V. Venkataraman.
- (6) Statement of Mortgage and pronote debts registered by the Registration Department.
- (7) Information gathered from the Office of the Registrar of Co-operative Societies, Madras.
- (8) The Royal Commission on Agriculture in India, 1928.

The central fact in Indian rural economy is the appalling poverty and the grinding need of the population; and the extent of indebtedness is the index of the alarming condition to which poverty has reached. It is not an exaggerated remark of the Royal Commission on Agriculture when it said, "In India agriculture is, with most cultivators, more a mode of living than a business." The average annual income of the agriculturist has been computed at Rs. 15 per head by Mr. Satyanadhan. (Even these figures are high as will be proved later on). Within this meagre income the Indian agriculturist has to find the food, clothing and sundries required for his family. In spite of his inability to pursue agriculture as a profitable business, the agriculturist will not abandon his calling out of his own free will; for the abandonment of the farm means the abandonment of the home. Forced to live a squalid life with his poor income, which has been made poorer

by the severe depression in the prices of agricultural commodities, he is groaning under a heavy load of debt which is staggering. No real progress is possible, no new policy of planned economy for the development of the country can be successfully launched, unless the agriculturists, the custodian of our national wealth, who form 71% of the population are relieved of their distress by removing the ever crushing burden of indebtedness and by devising means to increase their income and, consequently, their purchasing power.

#### *Volume of Indebtedness: Mortgage Debts*

It is necessary, therefore, to arrive at an approximate volume of indebtedness of the Presidency. Sir Frederick Nicholson, who in 1894 estimated the total indebtedness of the Presidency, arrived at a rough figure of Rs. 45 crores. Nicholson followed a curious method of estimating the total indebtedness. "If the average duration of mortgages with possession taken as one lakh, be taken as five years, and that of simple mortgages taken as two lakhs as two years, the average duration of all mortgages will be about three years." It appears that Nicholson has taken for granted that the average duration of mortgages with possession was five years and without possession two years. Nowhere he has said how he arrived at these figures. In a statement in the Appendix of the Report he has, however, shown that the average duration of simple mortgages was a little above 2.3 years and the average duration for mortgages with possession, about 6.25 years. So actually the average duration of all mortgages comes to 4.25 years. To find out the total registered mortgage debt of the Presidency, Nicholson said that the mortgage debt of the year should be multiplied by 3. Multiplying the value of mortgages (Rs. 6½ crores) by 3 he put the total mortgage debt of the Presidency at nearly 20 crores. The same method of estimating the total mortgage indebtedness was adopted by the Madras Banking Enquiry Committee. The number and value of simple and usufructuary mortgages for periods varying from one year and less to fifteen years and above were collected for six years from 1924 to 1929 from the offices of the Sub-Registrars of Srimushnam and Ellore. As shown in the table below, two figures were taken, the maximum and the minimum under each section and the number of mortgages (the average for six years) was multiplied by the minimum and maximum period in each section. Finally the average period is obtained by dividing the average of the total maximum and minimum number.



**STATEMENT SHOWING THE AVERAGE DURATION OF MORTGAGES EXECUTED IN 1924 TO 1928 IN THIRTY VILLAGES  
INCLUDED IN THE ERIMUSHAM SUB-REGISTRAR'S JURISDICTION.**

(Madras Banking Enquiry Committee Report, p. 38)

Nature of the deed	Up to										Total of columns 3-10	Average mean duration
	1 Year	2	3	4	5	6	7	8	9	10		
Simple mortgages	Average of six years	16	16	22	6	15	1	4	5	149	92	3.45 Years
	Minimum number	8	10	64	15	52	5	24	45	298	229	
	Maximum number	16	32	56	20	65	6	28	50	447	313	
Unfructuary mortgages	Average of six years	9	14	30	5	5	1	1	..	89	65	2.37 Years
	Minimum number	4	14	60	15	20	5	6	..	178	124	
	Maximum number	9	28	50	20	25	6	7	..	207	185	

Average stated duration of all mortgages, 2.75 Years.

The one peculiar difference between the results arrived at by the Banking Enquiry Committee and by Nicholson is this. While the average duration according to Nicholson is about 2·3 years for simple mortgages and 6·25 years for mortgages with possession there is no such marked difference in the results obtained by the Madras Banking Enquiry Committee. Statistics collected from the Sub-Registrar's Office, Srimushnam show the average mean duration for simple mortgages to be 2·95 years and for usufructuary mortgages 2·37 years. In the case of Ellore the corresponding figures are 2·93 and 3·81.

Another method adopted by the Madras Banking Enquiry Committee to find out the average duration of a document is the collection of statistics from some of the offices of the Sub-Registrars regarding the supersession of mortgage documents. The conclusions arrived at are as follows:—

		No. of Documents.	Years
Nellore	..	96	357
	Average	1	3·73
Sulurpet	..	30	106
	Average	1	3·53
Ellore	..	58	219
	Average	1	3·95

The Committee have not examined the average period of mortgages which were paid off either at the time of maturity or before maturity. Renewals of documents take place only when interest falls into arrears or when a fresh loan is raised. Only a fraction of the mortgages are actually renewed while in the majority of cases the mortgages remain unredeemed for many years and end in a sale of property. So it is impossible to find out the mortgage debt during a certain period with the help of the statistics supplied by the Registration Department, for the figures for a particular year refer only to the mortgages registered in that year.



Having gone through two tests to arrive at the average duration of documents—3 years—the Committee multiply by the average period of 3 years, the amount of Rs. 20 crores, the aggregate value of mortgages, which have been accidentally constant for ten years 1919 to 1928. Statistics collected from the Registration Department from 1929 to 1938 (vide Appendix II, Tables 23 to 30) tell a different tale. There has been a continuous fall since 1929 in the aggregate value of mortgages:—

Year.	Instruments of Mortgages.	
	No.	Value.
1928	510,974	19,87,43,259
1929	485,850	19,65,66,096
1930	444,182	18,93,04,547
1931	389,487	17,69,89,913
1932	418,235	17,68,50,031
1933	388,582	15,84,35,523
1934	391,527	15,08,39,032
1935	397,699	14,72,78,474
1936	389,180	14,07,54,775
1937	409,725	13,95,23,978
1938	347,656	12,23,43,872

If the value of mortgages in anyone year is multiplied by 3, it will not give the total mortgages then existing in the Presidency. Moreover, the great bulk of mortgages are of unspecified terms. Mr. W. R. S. Satyanathan classified mortgages with and without possession and bonds registered, according to periods of loans taking two typical villages in each district of the Madras Presidency except Malabar and South Kanara.\* In the case of mortgages without possession and bonds, the no-term loans are the most popular, and in the case of mortgages with possession the most popular term of loans is between 1 year to three years. Next comes the period of loan above three years. In the survey conducted by me in some of the villages of the Cuddalore Taluk, an opportunity was afforded to study the period of loans in the

\* Vide Appendix II—Table 16.

case of 150 indebted families, (Vide Appendix II, Tables 13, 14 and 15). The conclusion arrived at is as follows :—

	No. of trans- actions	Period of Loans.		
		One year and below.	Above one but not more than 3 years.	Above three years.
Usufructuary Mortgages	14	2	4	8
Simple Mortgages	17	3	3	11
Bonds	55	12	13	30

So the principle enunciated both by Nicholson and the Madras Banking Enquiry Committee does not stand practical checking.

Moreover, most mortgages run for a longer period than specified in the document. So long as the mortgage amount remains unpaid, land will remain in the possession of the mortgagee. In the survey conducted in the villages of the Cuddalore Taluk the major portion of the mortgages were executed in favour of the ryot moneylender living in the villages or in the neighbouring villages. These ryot moneylenders do not show any hurry to have the mortgage terminated for various reasons, the most important being the appropriation of land from the ryot after a long period. So even if the average duration of the specific period of mortgages is three years, a correct estimate of the total mortgages cannot be arrived at by adding up the mortgages of the three previous years.

To find out the mortgage indebtedness of the Presidency, typical villages in the province should be selected and detailed enquiries in the history of the mortgages should be carried out. The results arrived at by me in a survey conducted in some of the villages of the Cuddalore Taluk, South Arcot District, can only serve as a model for others to work on this line, but cannot be considered as typical of the whole Presidency.

#### *Unsecured Debts*

Nicholson said that the bonds registered were almost nothing and concluded that the immense mass of debt on pledge and personal

credit could not be correctly ascertained. He, however, estimated that grain and non-mortgage cash debts together probably amounted to twenty-five crores. He has concluded roughly from the grain debts prevalent in Anantapur District that they should amount to Rs. 10 crores. To this he added a non-mortgage cash debt (Rs. 4 per head is the figure given in his report) of Rs. 15 crores. The total unsecured debts both grain and non-mortgage cash debts amounted to Rs. 25 crores. Adding the mofussil mortgages of 20 crores to this amount, he concluded that at the beginning of any harvest, the mofussil population was in debt to an amount of Rs. 45 crores. It must be said that the unsecured debts arrived at by Nicholson are but very rough figures.

The Madras Banking Enquiry Committee, in order to find out the existing value of bonds registered at a particular time, doubled one year's registration to represent the debts on this account outstanding at any one time. The value of bonds registered annually went up from 160 lakhs in 1919 to 3½ crores in 1928. The reason for doubling the year's registration, according to the committee, is due to the fact that fresh bonds are replaced more frequently than mortgages. On this basis, the sum of Rs. 7 crores was arrived at as the outstanding value of registered debt at any one time. The estimates arrived at on this basis are too rough.

The Banking Enquiry Committee came to the conclusion that Rs. 67 crores were the outstanding registered debt. The Investigators' Report showed that the percentage of secured debts to the total varied from 29% to 83% in the twelve villages investigated. So the Committee assumed that the secured debts should be about half of the total debt when the latter was at its maximum just before the harvest (i.e., November and December). So the total debt of the Presidency was 134 crores and if, at the rate of 12%, interest was calculated on this amount and added to the principal, the total debts in 1929 would have been Rs. 150 crores.

Another method adopted by the Banking Enquiry Committee to find out the volume of indebtedness is the calculation of the money borrowed for cultivation expenses. The general cultivation expenses for wet and dry lands were taken to be Rs. 74 crores and, as some would not borrow, the figure was adjusted with the figure of short-term loans (67 crores). But it must be noted that cultivation expenses vary from district to district and depend upon individuals who may be either hardwork-

ing or lazy. So the figures arrived at cannot be very accurate. A more accurate method of assessing the short term borrowings would have been to find out, in the 66 villages investigated by Tahsildars and the 12 villages by special investigators, the proportion of those who did not require credit for cultivation and domestic expenses and the average cultivation expenses incurred in cultivating some of the chief crops of the Presidency. On this basis alone the amount of short term borrowings should have been worked out.

#### *Total Debt Arrived at by Actual Investigation*

The only accurate method of finding out the volume of debts of the Presidency is through the investigation of typical and representative villages in the Presidency. The Madras Banking Enquiry Committee, through the Tahsildars, enquired into 66 villages and with special investigators surveyed 12 villages (three each in the Districts of East Godavary, Bellary, Madura and Coimbatore). The Committee calculated debts on three bases—Debt per head, debt per acre and debt per rupee of assessment.

#### *Debt on Population Basis*

According to the figures supplied by Tahsildars on the basis of their investigation in the months of December and January when debt was at its maximum, the average debt per head was Rs. 38. The Committee concluded that for 42 million it would give a total debt of nearly Rs. 160 crores. The Madras Banking Enquiry Committee chose the census figure of the population for 1921. But actually the population increased to 46.7 millions in 1931. Hence the total debt should be more than Rs. 175 crores. The figures arrived at by the special investigators are Rs. 61 per head and 256 crores, total.

Mr. W. R. S. Satyanathan, who enquired into 92,366 families in 141 representative villages in the year 1935, calculated the debt per head to be Rs. 38. He increased this figure by 10% thus allowing for the absentee landlords who were not enquired in the villages. But he does not say how he arrived at this 10%. So the debt per head according to Mr. Satyanathan was Rs. 42 in 1935 and the total debt was Rs.  $42 \times 48.57$  million (allowance has been made for the increase in population) or Rs. 204 crores.

The survey of 150 families carried out by me in the villages of the Cuddalore Taluk has given the following results:—

Total debts of 150 families	..	Rs.	74,843
Debt per head	..	"	87·6
Debt per acre	..	"	61·6
Debt per rupee of assessment	..	"	16·9

With these figures as the basis, one cannot arrive at the total debts of the Presidency, for the results arrived at will be distorted. The reason is the figures collected represent only a particular area in the South Arcot District. Conditions may differ in the other districts.

#### *On Acreage Basis*

According to the Tahsildar's report of the Banking Enquiry Committee, debt per acre amounted to Rs. 48 and for 26,282,000 acres (ryotwari holdings) amounted to Rs. 126 crores. The Committee did not calculate the rough figure of 5 million acres held by occupancy tenants. If this figure is taken into account the total debt will amount to Rs. 144 crores. Debt per acre according to special investigators is Rs. 53 and total debt amounts to Rs. 164 crores.

Debt per acre according to Mr. Satyanathan is Rs. 63 and for the Presidency as a whole Rs. 207 crores.

#### *On Assessment Basis*

The Madras Banking Enquiry Committee arrive at Rs. 19 as the debt per rupee of assessment. The assessment on ryotwari lands and the rental on zamindari land yield a debt of Rs. 153 crores.

Debt per rupee of assessment or rent calculated by Mr. Satyanathan in 1935 is Rs. 21. The total debt on assessment basis amounts to Rs. 193 crores.

While the results calculated by the three methods on the investigations of Mr. Satyanathan almost agree, those of the Madras Banking Enquiry Committee are more divergent. The only reason that can be attributed to this difference is that the investigations of Mr. Satyanathan cover a large number of families in 141 villages, while the Madras Banking Enquiry Committee enquired into 66 villages through the Tahsildars and in 12 villages through the special investigators. The total estimated debts by Mr. Satyanathan should be taken as almost correct.

*Nature of Security*

Mr. Sathyanathan's enquiry in 141 villages shows that the nature of security of the debts was in the following proportion:—

Mortgage debt	..	47%	83,65,381
Unsecured debt	..	50%	89,81,796
Debt on the security of movables.	3%		5,38,489
		100	178,85,666

On the basis of the survey conducted in the Cuddalore Taluk, a statement of debts was prepared (vide Appendix II—Tables 13 to 15) for 50 families out of a total of 150 families examined. The results of the survey, if compared with the nature of security of Mr. Sathyanathan's survey, are remarkable—

Mortgage debt	..	14222	47.5%
Unsecured debts (including bonds and hand loans)	..	14218	47.5%
Debts on security of movables (mostly with saukhars)	..	1466	5%
		29906	100

For the whole Presidency mortgage debts amount to 95 crores. If the method adopted by the Banking Enquiry Committee is used in finding out the total mortgage debt outstanding in 1933 and 1938, the amount would have been 48 crores and 36 crores respectively. Though the registration of mortgages in each year may be falling owing to depression and fall in prices, indebtedness should have increased; for the agriculturist must have found himself unable to redeem his mortgages, as is evident from the survey conducted in the Cuddalore Taluk. A mortgage debt of 48 crores in 1933 and 36 crores in 1938 based on the principle enunciated by the Madras Banking Enquiry Committee is misleading. In fact, the mortgage debt in 1938 must have increased over the year 1933, because the total debt of the Presidency has increased. The statistics collected from the Registration Department (appended) is an index only of the credit available on mortgages in each year. The outstanding mortgage debts cannot be calculated. As Mr. Sathyanathan



says "It is most difficult, if not impossible, to arrive at the proper multiple. The slightest mistake in the multiple will vitiate total mortgage debt enormously." As it is difficult to arrive at the outstanding mortgage debts from the aggregate value of mortgages in a year, so it is difficult to get a correct value of bonds and unsecured debts. While actually the unsecured debts in 1935 were 100 crores, the bonds registered during that year amounted to nearly Rs. 99 lakhs. This only shows that as in the case of mortgages, in the case of bond, also the agriculturist has not paid for a long time. According to the survey in Cuddalore Taluk the period of bonds and promotes was found to be long enough to warrant this conclusion, and, in many cases, bonds were overdue for a long time.

### *Distribution of Indebtedness*

Examination of 150 families in some of the villages of the Cuddalore Taluk throws light on the distribution of indebtedness on various classes of land-holders and labourers.\* The registered landholders are divided into two classes—those who pay an assessment of Re. 1 to Rs. 100 and those who pay above Rs. 100. Of the 150 families, the number of labourers examined is 37, registered landholders who pay an assessment of Re. 1 but not above Rs. 100 is 100; registered landholders who pay an assessment of above Rs. 100 is 13. While the total debts of the class of 100 registered holders is Rs. 50,886, the total debt for the 13 rich landholders is Rs. 20,505. Debt per head in the former case is Rs. 90-11-4 and in the latter case it is more than double that figure—Rs. 186-6-7. Thus the average debt per head increases with assets. Viewed from this principle, the labourers who have no assets worth the name have a debt per head amounting to Rs. 18-13-10. It is only when a man is creditworthy that he is able to get credit. The larger the amount of debt that a person has, the greater is his creditworthiness. The theory that debt follows credit is proved by the figures collected.

It should not, however, be concluded that because the big registered landholder has a debt per head of Rs. 186-6-7, he is more indebted than the small landholder who has only a debt per head of Rs. 91. The burden of debt should not be estimated by the amount borrowed. To find out the indebtedness or the burden of debts of an individual, a comparison of the debts and assets should be made.

\*Vide Appendix II—Tables 1 to 3.

The labourers who have no landed property are the most heavily indebted, though the debt per head may be very small compared to that of other classes of registered landholders. Enquiry in the villages shows that the labourers spend very little on their food and clothing, but spend large sums on drink and comparatively big sums on ceremonies. The wages they receive are very poor and they vary from season to season. Though almost throughout the year they get employment, in some months their wages are so small that they are not able to subsist upon them. Moreover, the families of the labourers and small holders of land are bigger than those of the rich landholders. During the survey, many cases were brought to light of the small holders of land, who, not able to subsist upon the income from their land, turn labourers. Gradually their small holdings are lost and they become pure labourers without any lands to fall back upon. While taken absolutely the position of labourers is bad, comparatively their position is not so bad as that of the small landholder.

Small and medium landholders who pay an assessment of Re. 1 to Rs. 100 are the hardest hit of the agricultural classes. Very small land holders who pay an assessment of Re. 1 to Rs. 10, mostly work on their own fields and engage themselves for work in other fields. It is only the small and medium landholders paying, Rs. 10 to Rs. 100, who are in a very bad position. In fact, these small landholders form the bulk of the population. They live on the land and till the soil. Of course, the debt per head in the case of these small holders is lower than the debt per head of the big landholder. But they own only 526½ acres and the debt per acre is Rs. 96-8-8 and the debt per rupee of assessment is Rs. 29-12-7 (total assessment paid is Rs. 1,708-4-0). These figures are far higher than those of the big landholders. In fact, debt per acre and per rupee of assessment show the real position of the peasants. These small holders are proud people and they will not deign to work as labourers. In the villages of the South Arcot District they are living almost in a deficit economy. The crop expenses along with assessment leave little for them for domestic expenses. Consequently, they not only borrow for their domestic expenses but fall into arrears in the payment of interest and principal of the debts contracted already. Prices have fallen phenomenally owing to depression and though there is a slight recovery in recent years (vide Appendix II, table 58), they are far below the 1929 level. No wonder then the small landholders are forced to part with their lands to the big absentee landlords, who happen



to be moneylenders also. The total number of acres which changed hands in two typical villages in each district, excepting Malabar and South Kanara, is 5,125 in 1930 and 6,669 in 1933 and 5,994 in 1934.\* The net area mortgaged by agriculturists to non-agriculturists has fallen. The reason may be partly due to the shrinkage of credit and partly to the increase of land sales. The following tables regarding sales and mortgages prepared from Mr. Sathyanathan's report are instructive—

*(Collected from enquiry into two typical villages in each district except Malabar and South Kanara).*

Years		Total changed hands	Net area sold by agricultur- ists to non- agriculturists	Net area mort- gaged by agri- culturists to non-agricul- turists
		acs.	acs.	acs.
1930	..	5,125	772	3,343
1931	..	5,540	1,368	2,644
1932	..	5,729	917	2,605
1933	..	6,669	1,406	2,553
1934	..	5,994	1,081	2,297

Referring to the indebtedness of small landholders, the Kurnool Re-settlement Report of 1935 says "Lands are being sold to meet these debts, and landed property is tending as perhaps never before in this district to accumulate in the hands of big moneylending ryots or of the merchants. Small ryots became tenant holders." Mr. Sathyanathan has shown how the number of pattadars paying Rs. 100 and less has actually fallen by 32,67,537 between faslis 1335 and 1340.† This tendency of the lands to change hands should be immediately checked.

The big landholders who pay an assessment of above Rs. 100 are also badly hit by the economic depression, though the burden of indebtedness is not so heavy as on the small and medium holders. Thirteen such families examined in the villages of Cuddalore Taluk have a total

\*From Mr. Sathyanathan's Report.

†Vide Appendix II—Table 17.

debt of Rs. 20,505 and debt per head is Rs. 186-6-7, but debt per acre and per rupee of assessment is Rs. 29-8-3 and Rs. 7-8-4 respectively. Most of these rich landlords who were examined by the writer happened to be moneylenders also. The richest landholder in the hamlet of Nellikuppam (Ellayappanpattai) regularly lent money to almost all the families that were indebted and on enquiry it was found that most of the lands he acquired were from those poor families in lieu of the debts they incurred. He was not in a hurry to get the money from the poor landholders, but allowed it to grow with interest till at last lands passed into his hands. That big land-holder had practically no debts. But another big landholder examined in Kottavancheri was indebted very much. The reason is extravagant living and fall in income from the land as a result of depression.

Mr. Satyanathan enquired into 564 typical families throughout the Presidency to find out the burden of indebtedness and he has arrived at the same conclusions as those of the writer.\* Their landed property, consisting of 12,668 acres of wet land, 16,488 acres of dry land and 108 acres of garden, was worth Rs. 157 lakhs before the depression. The value of those lands, when he enquired (1934), was Rs. 69 lakhs. The total indebtedness of the families was Rs. 14 lakhs. Thus while debt formed only 9% of the value of land before the depression, it was 20% in 1934. The burden of debts has almost doubled. But there has been a general, though not appreciable, recovery in the wholesale prices of important commodities since 1934 (vide Appendix II—Wholesale Prices Table).

### *The Agencies of Credit*

The whole borrowing has been chiefly from three different kinds of creditors. The nature of indebtedness studied in the villages (vide Appendix II—Tables 13 to 15) reveals that 89% of the borrowings were from ryot moneylenders, Saukhars and peasants, 10.3% of the borrowings from co-operative societies (there was one loan from a Land Mortgage Bank) and 7% from Government. Mr. Sathyanathan's figures for the 141 villages surveyed are as follows:—

- 93% Moneylenders and others.
- 6% Co-operative societies.
- 1% Government.

\*Vide Appendix II—Table 7.

*Causes of Indebtedness*

The indebtedness of the ryot is not peculiar to India. Even the English farmer, who, perhaps in the whole world, owns sufficient capital and who has the advantage of renting land largely developed by the capital employed by his landlord, is obliged to borrow freely from the banker whether for advances at seed time or for purchase of manure, etc. Conditions are so different in India that every historian assures us that at no time was the Indian agriculturist free from debt. In the autonomous village of former times the village panchayat devised ways and means to prevent the accumulation of debts and alienation of property. The principle of 'Damdapat' prevented the moneylenders from demanding exorbitant rates of interest from debtors. But before the advent of the British, there was no centralised administrative Government and as the country was torn by political strife and as the proprietary right of land was not firmly established, the moneylender was not prepared to lend freely to the agriculturist. When a centralised government was established by the British, and law and order were maintained the autonomous village administration fell into desuetude and with it came good as well as evils. In the first place, it is primarily responsible for the decay of the village life. The customs and manners that kept down debts and made life in the villages happy disappeared. The cry is now, as never before, to make the village autonomous in administration. The Minister for Revenue, Government of Madras, has gone about drawing fascinating pictures of an autonomous village administration. But the advent of the British gave to the agriculturist a secure tenure in his land and this greatly enhanced the credit, not only of the ryots but also of the Indian Zamindars, by raising the value of land. Land, which was formerly considered an encumbrance, became a valuable asset on which it became easy to raise credit. Rights in land came to be defined and recorded and there was growth of transferable rights in land. Commerce and trade developed rapidly and the establishment of a hierarchy of permanent civil courts and the enactment of new measures—the Contract Act and the Civil Procedure Code—strengthened the position of the moneylenders and gave them power to attach the cattle and implements of the debtors and even to get them arrested and imprisoned for non-payment of debts. So serious became the bother of the moneylenders that various measures were instituted recently to protect the agricultural debtors. Added to this, the growth of mortgages on the passing of the Registration of Documents Act (1864) and the Transfer of Property

Act (1882) enabled claims on various persons to be recorded systematically. The agriculturist could sell or mortgage his lands and the law courts respected these transactions. The rise of prices which was rapid after 1854 created great optimism in the agriculturists who borrowed and were steeped in indebtedness. During the last forty years, which saw a steady rise of commodity prices and land values, indebtedness was steadily on the increase. The total annual value of mortgages which was 6½ crores when Nicholson enquired into the indebtedness in 1891 rose to 7.75 crores in 1900 and to 14.79 crores in 1914. During the years of war, value of mortgages slowly increased and between 1920 to 1928 the average was Rs. 20 crores. Since 1929 when prices fell rapidly mortgages also fell. During the depression there were hardly any new mortgages. Only the old ones were renewed.

Having traced the historical growth of indebtedness, it is necessary to go into its causes. Enquiring into the condition of the Kumbi royts, the Deccan Riots Commission of 1875 came to the conclusion that the causes of indebtedness were as follows :—

1. Poverty with unproductive soil, precarious climate and irregularity of income.
2. Ignorance and Improvidence.
3. Extravagance.
4. Ancestral debt.
5. Expansion of credit.
6. Increase of population without corresponding increase of return from land.
7. Facilities for borrowing owing to influx of moneylenders.
8. The Limitation Law as leading to renewals on usurious terms, including compound interest.
9. The Revenue System of a fixed demand.

To these causes may be attributed the state of indebtedness in the Madras Presidency also.

#### *Insufficient Income*

The Indian Agriculturist is very poor—so poor that he is not able to maintain himself. His poverty is mainly due to low income which is irregular. The Madras Banking Enquiry Committee, after assessing

the quantity and value of crops in the Madras Presidency, had come to the conclusion that the gross value of crops should be Rs. 165 crores. The prices of food crops fell between 1928-29 to 1933-34 by about 50% and though there was an increase after that period it was not very appreciable. The price of commercial crops, such as groundnut and cotton, fell by 40 and 60% respectively in 1933-34; but there was an increase of nearly 20% in the price of groundnut. On the whole, it may be taken that the fall of prices is still nearly 50% of 1928-29 level. So the gross value of the crops of the Madras Presidency is Rs. 80 crores. Both the census of 1921 and 1931 conclude that 71% of the population was dependent on agriculture. The increase of population in the decade ending 1931 is 4.7 millions over 1921. Allowing the same increase in population for the decade ending 1941, the population of the Presidency for 1939 should be roughly 50 millions. For a rural population of 35 millions the gross income (taking only the value of crops) is a little more than Rs. 22-12-0. But to find out the net income of the agriculturist, the cost of cultivation, land revenue and interest payments should be subtracted from the gross income. The Banking Enquiry Committee says that cultivation expenses take nearly half the crop. Mr. Sathyanathan says "The cultivation expenses may roughly be taken at 40% of the yield, though I am perhaps estimating cultivation expenses at too low a figure." Elsewhere I have calculated the cultivation expenses for a few families in the village of the Cuddalore Taluk.\* The expenses for 1 acre dry where groundnut is raised comes to Rs. 20 to Rs. 25; for one acre wet when paddy is raised, it is Rs. 40 to Rs. 45. But generally many ryots do not ordinarily spend so much on their lands. For they cannot afford to spend so much money because of the fall in prices of agricultural commodities. Consequently the yield from land also goes down. With a lower yield per acre and fall in prices, the net income from one acre of land is almost next to nothing. To continue Mr. Sathyanathan's argument, instead of allowing 40% for crop expenses, we may safely deduct 50% of the value of the crops for crop expenses. If we deduct the total assessment (land revenue plus rent paid to Zamindars) of Rs. 8 crores, the net income of the agricultural population will be Rs. 32 crores. The agriculturist can avoid paying interest on debts incurred. But he cannot escape paying land revenue and spending on raising crops. So net income per head of the rural population in 1937-38 is

\*See Appendix II—Table 62.

Rs. 9-2-3. This net income of Rs. 9-2-3 does not include income from subsidiary occupation. Even allowing Rs. 2 to 3 for subsidiary occupation the net income of the peasant cannot be placed above Rs. 12 per annum. The Central Banking Enquiry Committee arrived at Rs. 42 or about £3 a year as the average income of the agriculturist. The Simon Commission of 1929 said "...the average income of India per head in 1922 was equivalent, at the prevailing rate of exchange, to less than £8, while the corresponding figure for Great Britain was £95. The contrast remains startling even after allowing for the difference between the range of needs to be satisfied." The divergence between the average general income of an Indian and the average income of an agriculturist in the Madras Presidency is remarkable. It is needless to comment on the poor standard of living which leads to debts in the Madras Presidency. Thus the root cause of debt is the insufficiency of income.

### *Vicissitudes of Season*

Poor as his income is, the Indian agriculturist is exposed to the vicissitudes of season which have a very detrimental effect on his income. The total area under all irrigated crops in 1937-38 was 10,893,480 acres representing 29.5 per cent of the total area under all crops.\* Only 40.1 per cent of the total area of the Presidency was brought under cultivation. The land in regions which depend on monsoon for water supply will be very much affected by the changes in monsoon. As Mr. Darling observes "the monsoon may fail, or what is more likely near the hills, the rain may come at the wrong time; or a river may rise and sweep away harvest, hamlet and herd." While Government canals irrigate a greater proportion of the total irrigated area, tanks and wells irrigate 36.5 per cent and 15.5 respectively, of the total irrigated area. During the survey conducted in the Cuddalore Taluk, I came across many minor tanks which were almost flat and almost dry at a time when water was expected in the tanks. Repairs by the Minor Irrigation Department leave much to be desired. Hence tanks, except for a few in the South Arcot District, are of little use to the agriculturists. Lands under the irrigation of these tanks have, more or less, to depend on rain. Mr. Sathyanathan says that the return from invest-

\*Economic resources of the Province of Madras and possibilities of their development—by L. B. Green, Director of Industries and Commerce, Madras.



ments on agriculture, as regards the staple food crops, is low, averaging from 2 to 5% in normal year with average prices. But normal years are not very common in India. According to Mr. Darling a cycle of five years will give one good year, one bad year and two normal years. But the economic depression has resulted in a series of bad years. While in the good year, the small agriculturist is able to get out of cultivation without incurring any loan, in bad and normal years he borrows. From the income in a good season, he will not be in a position to repay the money he borrowed during bad seasons. Hence, debt accumulates.

### *Crop Pests and Diseases*

Insufficiency of income may be traced to the damages caused to crops by pests and diseases. During my stay in some of the villages, summer groundnuts were sown. But a red hairy caterpillar (*Amsacta albistriga*) infested the fields. There were millions of them covering the poor agriculturists' crops. Even in the streets a number of these caterpillars were seen. The only method of destroying these caterpillars according to the Agricultural Department is to pick them up and destroy them. But how can a poor agriculturist afford to employ a number of men to pick those numerous caterpillars and destroy them? Hence, when once the pests attack the groundnuts the agriculturist loses his crop. There is another pest called 'Surul poochi' in Tamil (*Stomopteryx nerteria*). The damage to groundnuts by these moths was great. The attack was fairly wide-spread and serious during the year I went to those villages. There is a kind of pest known as 'rice bugs' and they are a menace to paddy. In Anantapur where these bugs are common, they can devastate big area of cultivation. Mr. Sathyanathan, an eye-witness to the damages done by these locusts in Anantapur, says "The locusts suddenly appeared in millions. I thought we were caught in a great storm. Shortly afterwards, the ground was covered with a carpet of these insects 6" deep." The suggestion of the Agricultural Department to ward off these insects is to procure a big net to cover the fields and net the insects. The suggestion is indeed brainy. In addition to these pests, wild elephants in Coimbatore and South Kanara, wild pigs, bison and rats (rats more than any animals do a lot of damage) are also responsible for the destruction of crops. Besides the considerable risks due to monsoon, the poor cultivator has to face great risks from crop pests and wild animals.



*Inefficiency of Cattle*

Inefficient production is due, to a certain extent, to the poor breed of cattle. In the course of my survey I came across a number of villagers who owned plough bulls, cart bulls, cows, buffaloes, goats and sheep. I give below a statement of livestock in the case of 50 families out of 150 examined:—

*Number of Livestock in 50 Families in the Village of Nellikuppam, Kottavancheri and Vazhapalam*

	No. of animals	No. of families owning the animals	No. of acres ploughed
Plough bulls	.. 128	32	465
Cart bulls	.. 32	14	..
Cows, calves, buffaloes and oxen	.. 241	37	..
Goats and sheep	.. 95	11	..
Families with no animals	.. ..	10	..

The number of livestock in the Madras Presidency as ascertained by a census held in 1935 is given in Appendix II—Table 35. Efficiency is not a noticeable characteristic of the cattle in the villages surveyed. Enquiry in the villages reveals that one pair of bulls can plough 4 acres and the agriculturist need not engage any hired ploughs. But the number of animals used for ploughing the total cultivated area of the Presidency is 9,434,182. These animals can plough only 18,868,364 acres. But the extent of land brought under cultivation is 32,031,639 acres. So a pair of bulls is expected to plough double the number of acres ordinarily ploughed by a pair. Examining the figures collected in the villages of the Cuddalore Taluk, it may be noted that 64 pairs of plough bulls plough an area of 465 acres or nearly double of what is expected of a pair. While the bulls are overworked, they are underfed. The result is that the inefficiency of cattle leads to inefficient production. Writing on fragmentation of holdings, Professor Radhakamal Mukerjee said "If the process (extreme fragmentation) continued, women in Gorakhpur might be compelled (as in Shantung in China) to draw the plough." The same situation may happen in

the Madras Presidency if those stunted animals, which are incapable of doing any hard work, breed indiscriminately and fall an easy prey to disease, are not carefully looked after and improved. The Royal Commission on Agriculture say "the process having gone so far, India having acquired so large a cattle population and the size of the animals in so many tracts having fallen so low, the task of reversing the process of deterioration and of improving the livestock of this country is now a gigantic one; but, on improvement in its cattle depends to a degree that is little understood, the prosperity of its agriculture and the task must be faced." The farmer's mainstay is his cattle. If he loses them, he has to replace them by new ones. For that purpose many families in the villages I surveyed incurred heavy debts. In fact, most of the taccavi loans and loans from Co-operative societies are for the purchase of bulls for ploughing or for carts. Cattle mortality from natural causes is great, but mortality from contagious diseases has slowly decreased from 158,523 in 1923-30 to 31,774 in 1933-34.\*

#### *Inefficient Methods of Production*

Large tracts of cultivable land are now lying fallow in the districts of Tinnevely, Trichinopoly, Salem, South Arcot, Chingleput, Nellore, Bellary and Cuddapah. But even the present area of cultivable land is not intensively cultivated; nor is it possible to do so with the inefficient instruments of production. Mr. Darling observes "The plough that looks like a half-open penknife and just scratches the soil, the hand-sickle made more for a child than a man; the old fashioned winnowing tray that woos the wind to sift the grain from the chaff; and the rude chopper with its waste folder, are undisplaced from their primitive but immemorial functions." The above observation is a correct description of the primitive tools used. The wooden ploughs used number 4,293,812 and the iron ploughs 44,879. In spite of the demonstrations and exhibitions carried on by the Agricultural Department, the iron ploughs have not become popular. The reason is the bulls are not strong enough to draw the iron ploughs. The agriculturists are not rich enough to buy strong and efficient bulls. It is curious to find the Agricultural demonstrator going into the villages with his iron plough, grown rusty from want of use for a long time and preaching to the agriculturists how the iron plough is preferable to wooden ploughs, how chemical manures are superior to ordinary manure

\*Vide Appendix II—Table.

and kindred topics. The villagers surround him and give him a patient hearing and when the demonstrator finishes his discourse, the agriculturist goes on his own crude way of cultivation ignoring the teaching of the agricultural demonstrator. It must be the endeavour of the Agricultural Department to see that better methods of cultivation are adopted in the villages. The cultivator, who has become very lethargic and is content with things as they are, should be roused from his lethargy if production is to be improved.

#### *Fragmentation of Holdings*

One of the serious handicaps in the way of improving production by better facilities or irrigation, better seeds, manures and implements is the sub-division and fragmentation of holdings. What is needed is an economic holding. Mr. Keatinge, in describing an economic holding, observes, "It is a holding which allows a man a chance of producing sufficient to support himself and his family in reasonable comfort, after paying his necessary expenses." The cause of fragmentation is the sub-division of holdings, which is principally the result of the Hindu law of inheritance. According to the law "Everything is divided,—shares, holdings, plots, tenants' houses, groves, ponds and even trees. And where there is no formal partition there is always an informal one." The effect of sub-division is enhanced by the indebtedness of the ryots and forced sales of the inherited lands. Dr. Slater found that the agricultural holdings of the Madras Presidency had, to a large extent, been reduced to a condition in which their effective cultivation was impossible. Fragmentation of holding is the manner in which the holding is held. In my survey, I found the lands of many farmers extremely fragmented. To take only two or three typical cases in the hamlet of Nellikuppam, a villager owning 5 acres of dry and  $7\frac{1}{2}$  acres wet land had his land fragmented in ten pieces. The smallest piece was  $1\frac{1}{16}$  acre or 0.06 acre and the biggest .75 acre; another peasant who owned 3 acres of dry land and  $\frac{1}{2}$  acre of wet land had his land distributed in fifteen places and the longest distance between one piece and another was more than half-a-mile; a third villager who owned 1 acre of wet land and  $3\frac{1}{2}$  acres of dry land had eight pieces of land, the smallest fragment being .125 acre; yet another landholder owning  $4\frac{1}{4}$  acres of dry land and  $\frac{3}{4}$  acre of wet land had his lands distributed in fifteen places, the longest distance between two plots being  $\frac{3}{4}$  mile. Most of the landholders had their lands fractionalised. It is a clear index of the havoc wrought by

indebtedness and the usurious moneylenders. \*Mr. Sathyanathan who has collected figures of sub-division of holdings in the Chingleput Taluk has found that 12,349.79 acres of wet holdings consisted of 31,879 fields including sub-divisions, while the average of the sub-divisions and whole fields was 39 cents. Small holdings restrain the farmer from adopting more improved methods of cultivation and prevent him from taking to intensive farming. Moreover, these undersized holdings are in debt and when a cultivator has a big mill-stone of indebtedness round his neck, he can hardly hope to adopt improved methods of agriculture. So fragmentation and sub-division of holdings are the basic causes of debt.

### *The Increase of Population*

The growth of population, without a corresponding increase in the acreage under cultivation, increases the burden of indebtedness. Between 1921 to 1931, while population increased by 10.4%, the net area sown rose by only 1.5% and holdings by 5.7%. Average holdings per head of population fell from 62 cents to 59 cents. The average must be still lower now, if the growth of population this decade is the same as 1921-31. In the thickly populated areas of Europe meagreness of area is made up by intensive cultivation and efficient production. The Madras peasant is unable to adopt any of those methods for reasons narrated in the previous paragraphs.

### *Unproductive Expenditure*

The purpose of borrowing, as seen from my examination of 150 families in the villages of the Cuddalore Taluk, is as follows:—

	<i>Per cent</i>
Ancestral debts	.. 47.6
Agricultural expenses	.. 9.5
Buying land	.. 7.0
Domestic expenses	.. 5.7
Marriage and social functions	.. 12.0
Trade	.. 4.4
Other purposes including payment of land revenue	.. 13.8

\*Vide Appendix II—Table 34.

Unproductive expenditure consists of ancestral debts, marriages and social functions, relief of distress, faction and litigation, taxes paid and domestic expenses. Roughly, unproductive expenditure forms 79.1% of the total debts.\* This feature is really very peculiar to India. In the United States and other advanced countries of the West the major portion of farmers' borrowings are for productive purposes and only a very small percentage is for family expenses. In India the amount spent on productive purposes is very low. According to my survey, the sum spent on buying of lands, agricultural operations and trade amounts to 20.9% of the total debts. All debt is not an evil. It is always good to borrow for productive expenditure. But the sum spent on unproductive expenditure is great in the Madras Presidency and no return can be expected of such an expenditure.

The general complaint is that the Indian agriculturist is improvident and extravagant. Though it is true that the agriculturist spends large sums on marriages and social ceremonies, yet they do not form a big proportion of an individual's debts. Enquiries in the villages show that the villagers were not ruined by occasional borrowings for the purpose of marriages. It is only in the case of very rich classes that marriages mean huge debts. Marriages and social functions account for 12% of the total debts incurred by the peasants in the villages of the Cuddalore Taluk.

According to Mr. Sathyanathan, litigation, local politics and faction are the causes of extravagant spending by agriculturists. In the villages surveyed by me rivalries between parties were not common, though in one case there was a competition between two parties to get their men installed as the village munsiff. Of course, some expenses were incurred by the two parties on that account. The most litigious and factious villages of the Presidency are in Tanjore, Tinnevely and Guntur. Villagers in these districts are found to spend large sums on filing of suits in civil and criminal courts, on paying fees to lawyers and bribes to witnesses and subordinate officers in courts and on court fees. The villager in a factious village is an obstinate person who will pursue his case by appealing to the highest tribunal in the land. As Mr. Sathyanathan says, "Faction and litigation are the chief forms of amusement the villager has. The game of local politics is also absorbing to him

\*Vide Appendix II—Table B.

.....It is considered fair play to down the enemy even in these courts of justice and communal grazing grounds."

According to the survey in the villages, borrowing for domestic expenses amount to 7%. These borrowings are not the result of a rise in the standard of living. In fact, there has been a fall in the standard of living of the agriculturists owing to the economic depression. Borrowings for domestic expenses are the index of the extreme poverty of the peasant.

### *Land Revenue*

To a certain extent, the incidence of land revenue influences indebtedness. As the payment of land revenue is fixed in money, it involves great hardship during a period of fall in prices when the value of money falls. The half net theory of the Government according to one writer has become the 'all net theory'. Though the land tax proper was not enhanced during the period of settlement, there was an appreciable increase in the water-rates and other miscellaneous items of land revenue. But if we compare the figures for 1881 with the figures for recent years, the increase of land tax is remarkable. The total land revenue of the Ryotwari area of the Madras Presidency was Rs. 36,644,152\* excluding cesses in the year 1881; but it was increased to Rs. 67,443,085, excluding cesses, in 1933-34. This increase may be due partly to more lands being brought under cultivation. In the Zamindari the condition of the tenants is very bad. The dictated Land-rent policy is 33% of the gross produce on dry lands and 40% of the gross produce on wet lands. This may not leave anything to the ryots after cultivation expenses are met. In a survey conducted by the South Indian Estates and Landowner's Economic Council to assess the burden of taxation in the Pithapuram Zamindari, it was found that in some lankas (islands in Godavari) the rates of rent collected were very high. Ordinarily the rates of rent varied from Rs. 5 to Rs. 18 and sometimes to Rs. 30 in the case of wet lands. In the case of dry lands the rates varied from Rs. 5 to Rs. 10. The Zamindar never grants the lanka lands on pattas but puts to auction the right to cultivate the land for one or two years. Professor N. G. Ranga, who conducted an economic survey of the Zamindari has come to the conclusion that the rents on

\*Madras Manual of Administration, Vol. 2, page 397.



the lankas rose to such unbelievable heights of Rs. 150 per acre per annum during 1932-33 and Rs. 300 to 400 a few years before. When the price of tobacco cultivated in the Lankas fell, most of the ryots sustained serious loss and were consequently in arrears in the payment of rents due from them. "For instance, one village Mulakallanka which had to pay Rs. 27,000 in 1932-33 towards the rents on these lankas, is in arrears to an extent of Rs. 40,000. The Government whose rents for its lankas are not even half as much as those of the Zamindar, granted remissions in 1932-33 to the extent of Rs. 80,000 in the neighbourhood of that village whereas the Zamindar had refused to give any remission." Pithapuram Zamindari is but one example of rack renting by the Zamindar. There are worse cases of rack renting in some other Zamindaris. On the whole, the indebtedness of the ryots in the Zamindari is to a large extent due to the heavy rates of rent exacted from them. Enquiry in 150 families in the villages has revealed that out of a total debt of Rs. 74,403, a sum of Rs. 35,381 (47.6%) represents ancestral debts. This is a very heavy burden on the agriculturist. When a ryot borrows especially in a bad season, he is not able to repay the debts during the normal seasons or even in good seasons. In the villages I surveyed, and in the Madras Presidency as a whole, the lenders of money to agriculturists are generally the ryot moneylenders. Of course, there are professional moneylenders, like Marwaris and the Chetti banking community. While the rates charged by the Marwaris vary from 18 to 50%, the rates charged by the ryot moneylenders vary from 9 to 24%. Secured debts usually carry 12% and unsecured debts from 8 to 24%. During my investigations I found that the sowcars of Kurinjipady who supplied the villagers with money, usually charged 6 pies for a rupee for a month or 37½%, but 9 pies for a rupee for a month or 56¼% was not uncommon. It is only the usurious rates of moneylenders that have swelled the volume of debts. Loans are generally given on pronotes, on personal security or joint security and on the mortgage of landed property. In my enquiries in the villages, there came up many cases of pronote debts, which were originally for short periods of a year or two with no fixed terms. They were renewed after three years with the addition to the principal of the interest and penal interest that remained unpaid. When several renewals of pronotes take place the debt swells many times its original proportion, and ends by being converted into a mortgage debt. Mortgage debts last for many years and finally the creditor forecloses and takes possession of the lands of the poor ryots. The moneylender is an avaricious person gene-



rally and does not keep accounts. The borrower believes all that the creditor says to him regarding the payment of interest. Generally, the moneylender dupes the poor agriculturist of the interest he pays and does not record the payments made. Gradually interest goes on accumulating in spite of the payments made by the agriculturist and at last the load of ancestral debt is so great that he is forced to part with his lands to the moneylenders.

#### *Middlemen and Lack of Marketing Facilities*

There is a close connection between the indebtedness of the ryot and the marketing. In many cases the trader or the middleman happens to be the moneylender and as soon as the produce is harvested, it is sold to the creditor as originally arranged. In some cases advances are made to ryots by agents of exporting firms (e.g. Rally Brothers) for the selling of produce at a certain price to them and the poor agriculturist loses a good price for his produce. Moreover, during my survey, I was informed of the atrocities committed by the 'mandi' owners, who are middlemen. Groundnut selling by the ryots to the middlemen is very common in Cuddalore Taluk. The 'mandi' owner actually forces the ryot to part with his groundnut at a ridiculously low price. In addition, he makes various deductions towards commissions and dupes the ryots by false balance and measures. No wonder then that the poor agriculturist who gets a very meagre return from land, when duped by the middlemen, gets a very low money income for his produce.

#### *Lack of Subsidiary Occupation*

Another important factor which contributes to the extreme economic weakness of the Indian agriculturist is the inadequacy of subsidiary occupations which supplement his poor income from land. While for six months the peasant finds work on his field, he wastes his time for another six months doing practically nothing. Supplementary occupation is unknown to South Indian peasants. Of the several villages I surveyed, in one hamlet (Andikuppam) only the peasants engaged themselves in a kind of rough mat weaving out of kora grass. They sold the mats in the weekly shandi and realised a few annas which went a long way to add to their main income from agriculture. In other villages no subsidiary occupation was known. In Japan a very large proportion of peasants (including women) engage themselves in subsidiary occupations like toy-making, rearing of silk-worm, etc., and earn a substantial income,

*Economic Depression*

Before the onset of the depression there was a boom in the prices of commodities, e.g., in South Arcot District a maund of groundnut was selling at a price of Rs. 80. Hence the agriculturist spent liberally and borrowed at heavy rates of interests to buy land. He was not able to speculate as the trained business-man would. Slowly the prices of crop began to fall and the agriculturist was unable to repay what he borrowed. The value of land declined steeply and he was forced to part with a large portion of his lands for his debts. He was constrained to borrow for his cultivation expenses and domestic expenses and he resorted to the sowcars and the middlemen. Enquiries in the villages revealed that almost all the families lost a large number of jewels by pledging them with the sowcars. The result is jewels worth any value are rarely found in the families of these villagers.

*Effects of Indebtedness*

The evil effects of debts in the economic, social and moral spheres are great. As already pointed out, debt leads to agricultural inefficiency. The feeling that he has to sow for others to reap damps the ardour even of the most enthusiastic. The result is that debts and inefficient production of agriculture go in a vicious circle. Orderly and profitable marketing is greatly affected by debts. A more pathetic effect of indebtedness is the constant change of ownership of lands. It has been found that a large proportion of lands which change hands go to non-agriculturists or are mortgaged with them. The result is that tenant farming, which is noted for inefficiency and absentee landlordism increases. The census reports of 1921 and 1931 show that landless agriculturists have increased in India in recent times. In 1921 for every 1000 cultivators, the number of farmservants was 291. The proportion increased to 407 for 1000 cultivators in 1931. Mr. Sathyanathan's enquiries in 141 villages have revealed that for 80,999 pattadars (registered landholders) 30,749 were farm-servants.\* Another result of indebtedness is the coming into being of the indenture labour system or the 'Panniyal' system as it is called in Madras. When a labourer borrows a small sum from a landlord, he binds himself to work for the lender, receiving a bare subsistence wage. The agreement entered into

\*Report on Agricultural Indebtedness—W. R. Sathyanathan, page 38.

is that the labourer should work for the landlord until he repays the debts. During the investigations in the villages of the Cuddalore Taluk, I came across those panniyals who were little better than serfs. For generations they were bound to their masters and there was little hope of their liberation.

An important class of society, engaged in the noble profession of raising the foodstuffs for the nation, is steeped in debt with little hope of recovery. It will be a danger to society if the agriculturists break down under an intolerable burden. Different measures have been passed to protect the agriculturist in India and in foreign countries. A study of some of the most important measures to protect debtors is necessary and interesting before we take up the question of agencies who supply credit to the agriculturists.



## CHAPTER 5

### MEASURES FOR SCALING DOWN DEBTS WITH SPECIAL REFERENCE TO THE MADRAS AGRICULTURISTS' RELIEF ACT—1938\*

#### *Introduction.*

In the previous chapter we found how the agriculturist is suffering from an intolerable burden of debts. The money income of the agriculturist fell appreciably as a result of the economic depression. The prosperity of the entire nation is dependent upon the well being of the agriculturist. It is a danger to society if the agriculturist, who is engaged in the noble profession of raising the foodstuffs of the nation, breaks down under an intolerable burden. The need for scaling down debts is therefore great.

Passive attempts were made to redeem the agriculturist by the passing of several legislative measures such as the Land Improvement and the Agriculturists' Loans Acts, the Co-operative Societies Act, the Land Mortgage Bank Act, the Insolvency Act, the Usurious Loans Act, an Act for the Protection of Debtors and the Agriculturists' Loans Amendment Act of 1935. These various legislative measures will be discussed in the relevant places in the thesis. Suffice it to say here that these measures did not attempt to scale down debts. They either attempted to bring down the rate of interest or supply more credit facilities. Before these measures are put through, the heavy indebtedness under which the agriculturist is suffering should be reduced or wiped out as the case may be.

#### *Conciliation or Compulsion?*

If relief is to be given to the agriculturists by scaling down debts, is it by compulsion or by mutual agreement that debts are to be scaled down? It is said that arbitrary scaling down of debts by the state will lead to a great curtailment of credit and that only if voluntary conciliation fails, compulsion should be tried as a last resort. Though the effect of

\* See 'The Madras Agriculturists' Relief Act—A Study. By Dr. B. V. Narayanaswamy Naidu.

compulsory legislation in frightening away credit cannot be minimised, the economic depression itself has impeded credit. Such measures should be looked upon as an attempt to solve a deadlock and if they are successful they will not only be beneficial to the debtor but also to the creditor. The Prime Minister, Mr. Rajagopalachariar believes that voluntary conciliation will be of no avail in our Presidency; for the creditors will never come to terms with the debtors. Moreover, almost every agricultural country in the world has found it necessary during the depression to adopt some compulsory measure of this kind. The Debt Conciliation Act of 1936 has not been scraped out of the Statute Book. Unlike in Central Provinces it is retained to set in motion the Agriculturists' Relief Act. The Debt Conciliation Act and its working will be described after a discussion of the compulsory scaling down of debts.

#### *Legislation in Foreign Countries and in India.*

A study of the various attempts made to solve the problem of the indebtedness of the rural population in other countries and in our own will be necessary and useful in giving a proper perspective for the discussion of the relief measures in Madras. It has been contended that "the nature of the debt of the South Indian peasant and the conditions of South Indian rural economy are very different from those of the Western Countries" and that the time and circumstances under which those measures were adopted also differ from ours. Though much of the debt of the central European farmers was contracted for the re-construction of farms devastated by the war, one cannot be blind to the enormous suffering of the agriculturists due to the catastrophic fall in agricultural prices after the depression, the heavy interest charges and the increased cost of production which was the result of improvements in farming effected at a time when market conditions were favourable. The result was the farmer was working on a deficit economy. In Greece, the average income per family was 19,398 drachmas and the average expenditure considered to be indispensable, 25,955 drachmas. The condition was similar in most of the European countries. In India poverty has been the chief cause of indebtedness and the agriculturist was paralysed by the economic depression. But whatever may be the general or specific causes of indebtedness it is a well known fact that excessive indebtedness is a common evil. It is injurious at the same time to debtors and creditors and its effects are felt by the whole community. So a study

of the measures adopted to eradicate this evil in foreign countries will be profitable.

The different measures adopted in foreign countries may be divided into three categories. Certain countries of Central and Eastern Europe adopted radical measures which aimed directly at relieving the farmers from debts. These measures partook of the nature of compulsory conversion of farmer's debts, reduction of the rate of interest and, in certain cases, of the principal also by the imposition of law. The second type of legislation pursued a policy of direct intervention but confined itself to narrower limits. This type of legislation is characterised by the repayment of loans by instalments over a series of years, the suspension of the measures of distraint against debtors, repayment by the State of part of the debts and the imposition of minimum prices for the sale of expropriated property. The last type of measures seeks to help the debtors through indirect means by the provision of cheap credit facilities and through measures adopted with a view to raising the prices of principal crops and improving agriculture.

In Germany, as a result of the crisis, numerous legislative measures were rendered necessary between 1931-32. The floating debts of the needy farmers were replaced by a special loan granted by the Bank for German Industrial Securities. The funds were drawn from the levies imposed on the industries while the Reich guaranteed 25% of the loan granted. Orders were also issued offering protection against distraint by creditors. Where voluntary agreement failed, creditors and debtors were subject to legal process which remitted arrears of interest, reduced interest for the future and even made possible compulsory reduction of principal by 50%. In addition to these, and some other measures of the National Socialist Government, there was a proposal for raising to a remunerative level, the prices of agricultural products which in part, had remained appreciably below the cost of production.

In Italy, by a law of 1930 the extinction of onerous agricultural debt was facilitated by a conversion of short term loans into long term loans payable in 25 years. The State undertook to pay a part of the instalments. Where there are scientific improvements in farming, the Minister can grant contributions not exceeding 3½% interest repayable in twenty-five years. Mortgage credit institutions were called upon to replace bonds bearing more than 4% interest by bonds bearing interest at 4%.



In Switzerland the Government found it necessary to develop a Peasants' Aid Bank, which would give help to the distressed farmers in the form of loans with or without interest and subsidies towards interest; to develop protective measures of a legal nature taken in favour of distressed farmers by the suspension of the repayment of capital, reduction of the rate of interest on secured loans, reduction or suppression of interest on capital sums not secured and extinction of interest due in certain cases; and to prevent new indebtedness by a bill aimed at reducing mortgage debts to a tolerable amount, i.e., to enable the farmer to have a subsistence income for him and his family. In the adjustment of debt proceedings the debtor, creditor and the community would collaborate. While the community would subscribe a certain amount for some years to a fund, the creditor would renounce a part of his credit. The creditor would be bought out by a redemption bond. The Federal Council would have control over the farms and would limit indebtedness in future.

Measures adopted in Denmark, Norway and Sweden were more or less similar to those in Switzerland. But in Finland short term loans were converted into long term loans and the land mortgage bank was reorganized. The State not only guaranteed the bonds but subsidised them. Loans were granted up to 90% of the value of the farm. If the farm was forcibly sold in auction it was bought by the bank and restored to the original owner in case he was found fit to assume responsibility. The French legislation was characterised by postponement of repayment to the various classes of debtors.

By a law of 1934 debts of the agriculturists of Bulgaria were reduced by 40%. The difference resulting from the reduction of debts was made up out of an amortization fund formed at the Public Debt Office to which the State assigned the proceeds of the tax on vocations and the supplementary tax on total income. The limit of exemption of property for distraint of debts was increased. Some other features of the Bulgarian legislation are the spreading of the instalments of repayment over longer periods, postponement of repayment from 2 to 15 years and reduction of the rate of interest. Greece declared a moratorium for agricultural debts in 1930 and followed, to a large measure, the legislation in Bulgaria.

Certain debtors in Hungary who got their debts inscribed in the land register of their country were protected from the sale of their property for three months. The State contributed a sum towards the



payment of interest on debts of those persons. The legal rate of interest was fixed at 5½%. An amortization fund was set up for the reduction of debts of certain farmers.

Arrears due to the treasury and other public bodies in Poland were reduced in 1932 on condition of the payment of current taxes within a certain period. Long term debts to credit institutions were converted and were repayable in 55 years at a reduced rate of 4½%. Long term debts due to private individuals need not be repaid for a certain period and the rate of interest was also reduced. Short term debts both to credit institutions and private individuals were converted. In the matter of repayment of instalments and in the reduction of the rate of interest greater concession was always shown to small land-holders than to big land-holders.

While Rumania and Czechoslovakia followed up the main principles of the Swiss legislation in the reduction of capital and interest, they supplemented those measures with a policy for the reorganization of production at a cost that would leave a margin of profit to the agriculturists. For then only could reduced debt be paid back in future. In Rumania agricultural centres were established and furnished with modern technical equipment for every branch of production with a view to increasing the yield of land. The course of foreign commerce was regulated to find extended markets for Rumanian agricultural products and to increase the price of cereals. Czechoslovakia prevented speculation in the commodity exchanges of grain by fixing the price of cereals.

Legislation pertaining to moratorium and amendment of civil laws to prevent sale of lands of debtors by auction are characteristic of the measures adopted in Yugoslavia and Latvia. In these two countries and in Estonia and Lithuania provision was made for the conversion of short term loans to individuals, co-operative societies and private banks, into long term loans. Land Mortgage Banks in certain cases and State Agricultural Banks in others were established to take over these reduced debts of farmers. Rate of interest on mortgage loans was reduced considerably.

Only voluntary conciliatory methods in the reduction of debts were adopted in Japan. Associations were formed for that purpose in villages. Passive conciliatory machinery was established in Canada by a law of 1934 to enable farmers, over burdened with debts but not

desperate, to remain on their farms. Farm Loan Laws were amended to increase the total amounts that could be lent by the Dominion Farm Loan Board and to raise the sum that could be advanced to any borrower from 50% of the value of security to 60%.

The agricultural credit policy of the United States of America was entrusted to the Farm Credit Administration, whose aim was to create a system of completely unified credit institutions on a permanent basis, to supply credit to farmers and their organizations at the lowest cost and to facilitate the adjustment of the heavy burden of mortgage debts by emergency financing and reduction of the rates of interest. Debt adjustment Courts would go into each case to decide the deserving farmers. To enable the farmers to make voluntary arrangements with their creditors, the Credit Act allowed a flotation the proceeds of which could be utilised for the purpose.

It must be noted that when drastic measures are adopted in most countries it is only to give adequate relief to small holders. Ordinary law and the conciliatory machinery give relief to big landowners. Measures which are popular are those which respect contractual obligations. Where radical measures are adopted credit unduly contracts and public opinion strongly reacts rendering necessary the adoption of new measures to calm the people. But, in spite of popular agitation, various countries have adopted radical measures because they must have found out the futility of conciliation and mediation in the case of small holders.

In the Indian Provinces excluding Madras much attention is being paid to the question of tenancy legislation. In Bihar, Orissa, the United Provinces and Bombay, bills have been introduced in the legislatures to relieve the tenants from the oppression of Zemindars chiefly for arrears of rent and debts and to enforce their occupancy rights on lands. Regulation of money lending has been attempted with full or partial success in the Punjab, Bombay, Bengal, Orissa and some other Provinces. Debt conciliation boards have been formed in the Central Provinces, Bengal and Bombay. Acts to prevent land alienation were passed in other provinces.

After the passage of the Madras Agriculturists' Relief Act, bills have been introduced for compulsory scaling down of debts in Central Provinces and Bombay. The new bill in the Central Provinces proposes to scrap the machinery of Debt Conciliation Boards and provide Debt Relief Courts. A system of graded relief, based on the estimated

fall in the value of land, is being introduced in the Bill. The payment of interest is limited to 4½% compound interest with yearly rests or 6% simple interest on secured loans and 9% on unsecured loans. Debts due to co-operative societies and certain banks and rent debts have been excluded from the scope of the Bill. In Bombay a Bill has been introduced in the legislature by which compulsory scaling down of debts, according to capacity to pay as ascertained by Debt Adjustment Boards appointed by the Government, has been provided. The Boards are to work under civil courts which are empowered to hear appeals in specified cases. Interest is to be not more than 6% on debts contracted before January 1939 and not more than 9% on subsequent debts. Those who are entitled for the relief are those agriculturists whose principal amount of debts secured by property is not more than Rs. 15,000 and not less than Rs. 100. In the case of debtors whose assets are inadequate to pay the scaled down debts, they can be declared insolvent by the Board. The Debt Adjustment Board has power to order sale of a debtor's property in liquidation of his debts, if such a procedure is in his interest.

In the Bhavanagar State a Commission was appointed to assess the causes and the volume of indebtedness. On the basis of its report the Durbar, by a debt redemption scheme, sought to liquidate the past debts of agriculturists by advancing loans to each individual ryot at easy rates of interest. The awards of the Debt Liquidation Committee are binding on the sowcars and the ryots. It is interesting to note that, while the nominal indebtedness in the sowcar's books was Rs. 86,38,874, the amount that was actually paid in composition was Rs. 20,59,473. The reason for this successful liquidation is the immediate cash payment by the State to the sowcars. For the liquidation scheme to be effective and permanent, the system of village panchayats was introduced by which the villagers took on themselves the management of their own affairs and were made responsible for the development of the economic welfare of the ryot. In Hyderabad, the Land Alienation Act has been made more stringent; and registration of moneylenders was enforced to prevent usury. Debt conciliation boards established for the benefit of a certain class of agriculturists were based on voluntary efforts with a small element of coercion for effective working. Further, there are proposals to start land mortgage banks and to provide the bankrupt debtors with a rural insolvency Act.

*From the Moratorium to the Debt Relief Act.*

Madras is the pioneer in the field of introducing compulsory legislation for the scaling down of debts.

The first measure of the Congress Government was a Moratorium Bill published in the middle of September, 1937. The Bill was intended to give temporary relief to indebted agriculturists till comprehensive measures were formulated for dealing with indebtedness. Both the period of the Moratorium and its applicability were restricted. The Bill laid down that for a year no suits or proceedings could be instituted against agriculturists whose liabilities under the heads of land revenue, rent and taxes and liabilities to local authorities did not exceed Rs. 400; who had saleable interests in lands; and who derived  $\frac{3}{4}$  of their income from lands. The sums due to Provincial and Central Governments, to co-operative societies, joint stock banks and land mortgage banks were excluded from the operation of the Bill. It was made clear that agriculturists should not be entitled to transfer any immovable property so as to defeat the rights of their creditors.

Though substantial measures of relief were to follow the Moratorium, there was great opposition to it. It was said that moratorium was a desperate remedy to which Governments resorted when their banking systems were threatened with crash by a war or other serious calamity. But in the West, such moratory legislation is common. In the Co-operative Conference a resolution was passed that the Moratorium Bill that was introduced in the legislature should be either ancillary to the Agriculturist's Relief Bill or should be immediately followed by such a bill. In the latter case, the interval should not be more than three months. But in Greece a moratorium for five years was declared and one year was not too long a period. It was contended that the definition of 'agriculturists' worked great hardship in the case of certain deserving agriculturists, whose income from land was not  $\frac{3}{4}$  of their total income. A fear was expressed that there would be a shrinkage of credit for seasonal agricultural operations. But such complaints were always made against all radical measures.

Great agitation against the Moratorium forced the Government to drop the idea and to publish in the beginning of December, 1937 the Debt Relief Bill. This Bill is simple and quite different from the Debt Relief Act that has actually come to stay on the Statute Book.

The object of the Bill is to rehabilitate agriculture, the basic industry of the Province, by relieving the producers of food from the incubus of indebtedness. The main principle of the Bill is that all arrears of interest outstanding on the 1st October, 1937, shall automatically stand cancelled, in the case of all debts incurred by the classes of debtors defined as agriculturists. Where simple interest has been charged at more than 9% or compound interest charged or provision made for penal interest, the debt shall be deemed to be discharged in full if the total sum paid to the creditor, whether for interest or principal, amounts to twice the amount of the principal of the loan. If the amount paid till 1st October, 1937, falls short of twice the principal, such amount as will make up this shortage or the principal amount alone, whichever is less, will be paid to the creditor.

For the purposes of the Bill an agriculturist is one who has a saleable interest in land under the ryotwari or other tenure or a lessee of such lands. The Moratorium Bill did not include the lessees within the scope of agriculturists. Unlike the Moratorium Bill, no upper limit of income from land is fixed in this Bill to qualify an agriculturist for the benefits conferred on him by this measure, though such limits are fixed for landholders under the Estates' Land Act and the Malabar Tenancy Act. Those who pay income-tax or profession tax of more than a rupee a year or property or house tax exceeding Rs. 600 a year are excluded from the operations of the Bill. These provisions are intended to ensure that persons following occupations other than agriculture do not benefit by the Bill. The Bill exempts the debts due to Governments, Local Bodies, Co-operative Societies and Joint Stock Banks with a membership of more than 500 share-holders. The rate of interest on all future loans is 6%.

Arrears of rent payable in areas under the Estates' Land Act and the Malabar Tenancy Act except arrears of the last two faslis shall be wiped out according to the Bill. But the tenant must pay within 15 months of the passing of the Act arrears of the last two faslis in full. Otherwise the old arrears will be deemed to be discharged only proportionately to the extent rents discharged for faslis 1346 and 1347.

The provisions of the Bill can be applied to decreed debts. Where a decree is in execution, it can be stayed till it is again demanded. Sales of movable or immovable property of the agriculturists can be set aside if such sales are made in execution of a decree after 1st October, 1937.



The amount in excess of the scaled down amount received by the decree-holder as a result of the sale shall be refunded to the debtor.

The Bill was referred to a Select Committee on the 21st of December. The most fundamental changes made in the Bill by the Select Committee are those regarding interest clauses. The Committee has made a distinction between the pre-depression period and the post depression period i.e., debts incurred before 1st October 1932 when the value of money was less than now and those incurred after that date when the value of money increased owing to a fall in prices. The provisions regarding the wiping out of interest were retained in the case of pre-depression debts, while for debts incurred between 1st October, 1932 and 1st October 1937, the rate of interest was fixed at 5%. Where a debt after 1st October, 1932 was found to be a renewal of a debt incurred prior to that date, the debt or any part of it renewed will be dealt with as a debt incurred prior to 1932. Thus the principle of *damdapat* has been retained for pre-depression debts.

The payment of the rent for fasli 1347 before 30th September, 1938, was made a condition precedent to the grant of relief to a tenant from arrears of old rent. The rent for fasli 1346 must be paid before 30th September, 1939, if the tenants want a full discharge in respect of all arrears of rent accrued for previous years.

Minor changes have been effected in the definition of agriculturists. Women who own no property but who have lent out sums less than Rs. 3,000 are exempt from the Bill. Personal belongings of a woman, viz., jewels and household furniture should not be taken into consideration when computing the value of the property. Wages due to agricultural and rural labourers were exempted. A mortgagee in possession of the property mortgaged not taking any interest is exempted from the Bill.

For the sake of easy calculation the Committee has changed the rate of interest from 6% to  $6\frac{1}{4}\%$  or 1 pie for a rupee for a month.

Before the Bill was passed into an Act the Government made certain amendments in the Bill and this has resulted in two important changes in the Bill. Where once creditor companies with 500 shareholders and more were exempted, this concession was now limited to scheduled banks of the Reserve Bank provided the interest charged by

them was within 9%. In the case of post depression debts past payments in excess of 5% shall be appropriated only to arrears of interest while formerly reduction of principal also was possible.

*The Upper Limit.*

The main object of the Act is to rehabilitate agriculture, the basic industry of the Province, and not so much to give relief to individual agriculturists. It is true that the land is the source from which the food for the people and the raw materials for the factories are produced. It is argued that as the prosperity of other sections of the people is dependent upon the agriculturist and his land, agriculture as an occupation is sought to be relieved from indebtedness. The Premier said that it was intended to relieve the industry of agriculture by lightening the burden on land. The burden is actually felt by the man and some ryots feel the burden while others do not. By the occupation test relief will be distributed indiscriminately to both big and small land-holders, to those who need relief and those who do not. A study of foreign legislation will reveal that radical measures were adopted only to save the small holders while the big owners of land availed themselves of the voluntary agreements and other ordinary laws of the land. Even from the occupational test, which pays more attention to the impersonal than to the personal aspects involved, the denial of relief to Jemmies, Zamindars and Inamdars who pay above a certain sum to the Government is not based on correct principles of economics. From this standpoint, there is no case for excluding produce-sharing tenants and labourers. In the Tanjore district and other southern parts of the Presidency there are a large number of absentee landlords who lease out their lands and spend their time in the town. While this class of landowners is relieved, there is no justification for excluding Zamindars and Inamdars. To avoid this anomaly an upper limit is essential.



Where are we to draw the line between the big and the small landowners? An investigation by Mr. Sathyanathan, into 564 families throughout the Presidency has given the following results.

	No. of families	Extent of holdings and lands taken on lease	Assessment paid	Total Debt	Debt per head	Debt per Rs. of assessment	Debt per acre	Debt per family
		Acres	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Farm labourers owning no lands and paying no assessment or rent ..	23	..	..	1,789	15	..	..	76
2. Registered landholders and tenants paying land revenue of Rs. 1 to Rs. 100 ..	306	4,630-00	11,143-8	9,23,483	211	72	29	1,057
3. Registered landholders and tenants paying land revenue or rent of Rs. 100 & above ..	235	24,738-0	1,35,633-4	10,79,196	918	44	8	4,552

Similar results have been arrived at by an investigation conducted by us in some of the villages of the Cuddalore Taluk. Figures given below are only for 50 families in two hamlets of Ellayappenpettai, Cuddalore Taluk.\*

	No. of families	No. of members	Assessment	Holdings	Total Debt	Debt per family.	Debt per head	Debt per acre	Debt per Re. of assessment
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Farm labourers owning no lands	9	52	..	..	932	104-0	15	..	..
2. Registered landholders paying a land revenue between Re. 1 to Rs. 100.	38	223	473	170	15,322	430-0	73	95	35
3. Registered landholders paying a land revenue above Rs. 100 .	3	20	335	95½	1,000	533-0	65	19	5

\*Figures calculated from the Survey conducted in Cuddalore Taluk by Dr. B. V. Narayanaswamy Naidu and P. Vaidyanathan in June, 1938.

The burden of debt should not be determined merely by a reference to the amount borrowed; for a man with a larger amount of debt may not feel the burden so much as a man with a smaller amount. For the one may be rich while the other poor. The burden of debt is, therefore, to be judged by a comparison of indebtedness to assets. Judged from this standard, both Mr. Sathyanathan's figures and the figures collected in our survey lead us to the same conclusion that the most hard hit are the small and medium land-holders paying a land revenue between Re. 1 and Rs. 100. While debt per acre and per rupee of assessment of this class according to our survey is Rs. 96 and Rs. 35 respectively, for those paying a land revenue of Rs. 100 and above the corresponding figures are only Rs. 19 and Rs. 5. But if we take into consideration debt per head, they give a false idea of the position. In fact, the position is reversed. Debt per head for those paying a land revenue of above Rs. 100 is 95, while for those who pay land revenue between Re. 1 and 100 is Rs. 73. So the unwary are liable to be misled. A perusal of the table from Mr. Sathyanathan's report will convince one of the correctness of this conclusion. The small and medium land owning class (paying land revenue between Re. 1 and Rs. 100), who form the largest number of the rural population, have settled on land and are the actual tillers of the soil. It is they who really feel the actual burden of indebtedness. It will not be an exaggeration if we call them the backbone of our agricultural industry. If they are freed, the industry itself will get great relief. When it is said that relief should be given to this class of agriculturists, it does not mean that the big holders are not suffering. They too are badly hit, though not as badly as the small holders. Debt conciliation boards and land mortgage banks are the proper machinery through which they should get relief. The upper limit for this radical measure should be limited to those who pay an assessment of land revenue to Government not exceeding Rs. 100.

#### *Exclusion of Labourers*

It is an imperative necessity that the debts of farm labourers should be scaled down. Though their position is not apparently so grave as can be seen from the tables given above, yet even the small debt per head cannot be repaid by them. A special provision should be introduced for wiping off their debts supplementing such a measure by exempting movables, i.e., the materials used in husbandry in addition to dwelling houses, livestock and the minimum produce for subsistence. While there is a case for inclusion of arrears of rent in this Act, the debts of

labourers might have also been included. The Premier promised to introduce a separate measure for the purpose at the earliest opportunity.

### *Sanctity of Contract*

Too much emphasis has been placed on the sanctity of contract. It is said that any legislation that destroys this sense of sanctity of contract destroys the roots of social life. But it is an important fact that justice is the basis of contract and in the relation between debtors and creditors, where an unconscionable rate is charged by the debtor, the sacredness of the contract vanishes into thin air. The debtors and creditors have never been on equal terms and all the Governments of the World have in one way or another violated this principle. The various relief measures in many foreign countries are examples of the violation of contracts. Even in India the rate of interest was always regulated and laws were passed to enable courts to reopen old transactions. The Deccan Relief Act in many ways transgressed this principle of contracts. The return from agriculture varies from 2 to 5%. To borrow for that industry at a rate ranging from 6% to 50% is very bad economy indeed. If violation of the contract is unjust, the usurious rate of interest is criminal and suicidal. A revision of contract with every change in the volume of money is necessary. Even nations were obliged to violate contracts entered into when, owing to various economic causes, they were unable to respect such obligations. What is true of nations is true of individuals also. After all, men are responsible for these contracts and when these contracts threaten the economic position of the individuals, it is but right that these contracts should be abrogated. So there is a justification for the Debt Relief Act.

### *The Post and Pre-depression Debts*

Not only the most contentious but the most important clauses in the Act are clauses 8 and 9, which provide for the compulsory scaling down of debts and wiping out of arrears of interest. Before proceeding to discuss the provisions it is necessary to see what kind of debts compose the major portion of the indebtedness of the agriculturists. In discussing the causes of indebtedness it has been proved conclusively that ancestral debts form the highest percentage of the volume of debts as compared with other debts. (vide figures given from the survey of the villages in the Cuddalore Taluk p. 67). Statistics given below regarding the purpose of borrowing from three different sources will corroborate the truth that ancestral debts are the heaviest burden on the agriculturists

and will also support the account given from an investigation in the Cuddalore Taluk.

## TAMARAIPATTI VILLAGE—MADURA TALUK\*

<i>Debts classified according to purposes</i>	<i>Rs.</i>
Cultivation Expenses	.. 4,950
Purchase of Bulls	.. 7,010
Purchase of lands	.. 8,825
Improvement to lands	.. 1,100
Discharging prior debts	.. 37,225
Building new houses	.. 11,100
Family expenses	.. 11,810
Litigation expenses	.. 1,000
Trade	.. 2,000
Purchase of a motor car	.. 2,500
Payment of kist or lease amount	.. 1,110

## SIVAPURI AND GAVARAPET VILLAGES—CHIDAMBARAM TALUK\*\*

<i>Purposes of borrowing</i>	<i>Amount</i>	<i>Percentage</i>
Maintenance	.. 4,925	11.16
Purchase of lands	.. 9,900	22.43
Agricultural Improvements	.. 2,960	6.71
Purchase of cattle	.. 400	1.04
Land revenue	.. 690	1.56
Liquidation of old debts	.. 10,450	23.68
Marriage and funeral	.. 3,765	8.64
Education	.. 2,760	6.12
Interest payments	.. 850	1.93
Medical	.. 165	0.39
Current interest due	.. 6,025	12.65
Miscellaneous	.. 1,295	2.93

\* The Madras Provincial Banking Enquiry Committee Investigators' Report.

\*\* The Problem of Rural Indebtedness—Dr. B. V. Narayanaswamy Naidu and Mr. V. Venkataraman.

RESULTS OF 141 SELECTED VILLAGES IN THE MADRAS  
PRESIDENCY \*

Purposes of borrowing	Amount.	Percent.
	Rs.	
Marriage and other ceremonies ..	18,80,761	10.5
Payment of prior debts ..	44,85,400	25.1
Land Revenue ..	5,84,173	3.3
Relief of distress ..	10,88,377	6.1
Agricultural expenses ..	17,87,457	10.0
Improvements to land ..	7,88,709	4.4
Education of children ..	2,67,337	1.4
Trade ..	23,61,537	12.9
Purchase of land ..	24,74,715	13.8
Construction of houses ..	10,93,416	5.6
Other expenses ..	12,38,384	6.9
Total ..	178,85,566	100

The following table prepared from Mr. Sathyanathan's Report gives an idea of the number of cases in which lands were sold or money was borrowed for different purposes. The figures are for the years 1930-34 taking two typical villages for each district of the Presidency except South Kanara and Malabar.

\* Report on Agricultural Indebtedness—W. R. S. Sathianathan.

Year.		Agricultural purposes.	Trade	Rise.	Marriage expenses	Discharging of old debts.	Other purposes	Purposes not ascertainable.
1930:	Sales	72,705	21,413	5,494	24,743	10,57,433	1,38,475	2,35,274
	Borrowings	66,575	40,803	2,656	33,042	8,25,425	1,00,050	1,20,189
1931:	Sales	22,742	5,314	1,360	10,109	19,84,426	70,306	2,09,252
	Borrowings	31,406	66,182	1,577	17,934	8,85,655	85,592	80,659
1932:	Sales	43,941	16,045	5,001	11,966	15,23,892	92,063	1,05,002
	Borrowings	46,831	38,793	1,115	32,988	7,04,945	96,879	2,02,530
1933:	Sales	46,290	17,662	8,803	11,940	19,54,389	61,546	1,94,726
	Borrowings	29,664	27,231	3,049	24,492	6,40,839	1,22,634	69,106
1934:	Sales	33,218	11,473	3,539	22,805	1,15,236	72,816	1,79,168
	Borrowings	70,664	27,934	975	27,667	6,98,660	75,699	55,483



The number of sales and the number of cases in which money was borrowed by mortgaging property or through promissory notes are disproportionately large in the discharging of old debts when compared with other purposes of borrowing. Extreme pains are taken to show that ancestral debts form the largest proportion; for, then only there is a justification for Clauses 8 and 9.

In the scaling down of debts the Act draws a line at 1st October, 1932 to divide pre-depression from post-depression debts. It is often asked, what is the sanctity of the date 1st October, 1932? There is every justification for fixing that date as the dividing line. The following index numbers of wholesale prices in the Madras Presidency will clarify the point.\*

Year.	Rice	Groundnut.	Cotton.
1928-29	100	100	100
1929-30	90	85	85
1930-31	72	83	62
1931-32	60	63	56
1932-33	56	59	57
1933-34	48	39	58
1934-35	56	57	63
1935-36	59	58	62
1936-37	56	62	60

The effect of the depression began to be felt in 1931. It reached its lowest point in 1934-35. As the effect of a pricefall is not immediately felt the year 1932 may safely be taken as the dividing line of pre-depression from post-depression debts.

But the principle adopted in the scaling down of debts is the principle of 'damdupat' which says that when a creditor receives twice

\* Dr. P. J. Thomas, *Hindu*, January 28, 1938.

the amount of principal by way of principal or interest towards debts contracted before 1st October, 1932, the whole of the debt will be deemed to be discharged. Thus the principle of 'damdupat' which is intended to be applied in the case of usurious rates of interest is wrongly applied to slump in prices. If scaling down of debts is to be related to fall in prices alone, a ratio between prices and debts should be established and on this basis debts should be scaled down. This has been the principle in some foreign countries. But in Madras it has been proved conclusively that ancestral debts with usurious rates of interest are the heaviest burden on the agriculturists. If this burden is to be removed, the principle of 'damdupat' should be correctly applied.

The second class of debts—the post depression debts—are dealt with differently. In the case of these debts past payments in excess of 5% interest shall go to cover only arrears of interest and not principal though the Select Committee recommended that it should cover the principal also. Here again, it is difficult to relate the reduction of interest to any principle. It has no relation either to changes in the price level or capacity to pay. Moreover, the rate of interest for all future debts is 6¼% and as prices are gently rising there is no justification for a lower rate of interest fixed for post-depression debts.

The scaling down of debts on the basis of slump in prices can be justified if the scaling down were to be followed by immediate discharge of the debts. But in the absence of any such facilities, debtors will be put to great hardship. For creditors may wait for a rise in prices or they may press for immediate settlement of debts by taking over the lands of debtors. This can, to a certain extent, be mitigated, if provisions are made to transfer lands to creditors at the pre-slump prices and to exempt a minimum holding in the case of agriculturists who cultivate their own lands.

But as there are many difficulties in the way of scaling down debts in relation to fall in prices, and as conditions in Madras are favourable mainly for the application of the principle of 'damdupat', it will be right to revert to the principle of scaling down embodied in the original bill. It may be laid down that all debts contracted before 1st October, 1937, and which carry more than 5% interest simple or compound shall be scaled down on the basis of the principle of 'damdupat.' For all debts contracted after that date and for all future debts the rate of interest shall be 5% and not 6¼% as is laid down in the Act. The Government should

have power to change the rate of interest whenever very bad seasons occur. The merit of this principle is that a large amount of old debts will be wiped out and the agriculturist will be very much relieved.

#### *Future Interest*

The power of the Provincial Government to change the rate of interest from time to time is viewed with suspicion. It is feared that it would introduce an element of uncertainty in credit. The principle that a Central Bank or a Reserve Bank should regulate the bank rate and the rates of the money market is correct. The Government should not interfere in the regulation of such rates. But this principle can be applied in India only to organized credit institutions. The money-lenders in the villages who have no connection with the money market and who have no knowledge of the principle of the money market continue to charge usurious rates of interest. Their rates of interest are not affected either by the rate in the money market or by fall or rise in prices but only by the personal character of the man. Such usurious rates can be regulated only by executive fiat and the Act rightly allows the Government to fix the rate from time to time.

#### *Arrears of Rent*

These form the third class of debts that are scaled down by certain clauses in the Act. Relief that will be given to the tenant will not be immediate because the prompt payment of rent for fasli 1347 and 1346 before 30th September, 1939 is a condition for wiping out of arrears of previous faslis. It is curious that while the same principle for the prompt payment of scaled down debts is not adopted in the case of ryotwari landowners, such a principle is applied to the poor tenants on the ground that if arrears were wiped out unconditionally, current and future rents would not be easily realized. Moreover, this provision is not related either to fall in prices or capacity to pay. A recalcitrant tenant who can pay his old arrears will refuse to pay them when once he pays the dues for faslis 1346 and 1347 within the due date. A poor tenant who has not the capacity to pay the rent for the two faslis (1346 and 1347) is pressed hard for his old arrears. Thus great hardship is caused to poor tenants by this clause.

*Co-operative Societies and Joint Stock Banks*

The exclusion of the Co-operative Societies is a right move on the part of the Government. Co-operative Societies are associations of borrowers themselves and their object is the advancement of the members and not the earning of usurious rates of interest by exploiting the borrowers. But in the case of credit by money lenders the interests of lender and borrower are in a manner opposed and the special interests of these men are the exploitation of borrowers for the sake of private gain. If only the Act had included the Co-operative Societies, it would have defeated its own purpose. Moreover, the recent policy of the Co-operative Department is the introduction of controlled credit in the societies in order to improve the repaying capacity of the agriculturists. The inclusion of these societies will result in a set back to agriculture. The Registrar of Co-operative Societies has already issued a circular to all co-operative institutions that in respect of D-class societies no member shall be asked to pay more than double the principal originally borrowed by him; no member shall pay more than the principal plus interest calculated at 6¼% from the date of the disbursement of loan; and that 25% of the amount outstanding now may be remitted. Simple interest at 6¼% is charged on awards by arbitrators on outstanding loans. But the Registrar's proposals are not mandatory and some central banks and co-operative societies have not given effect to his suggestions. The matter can be set right if the Registrar or the Provincial or the Central Bank enforces these proposals on the societies.

While there was a great agitation for excluding joint stock banks with less than 500 share-holders from the Bill, the Government amendment limiting the exemption only to scheduled banks was a great shock to many banks and individuals. A large number of funds, *nidhis* and small banks are relegated to the same position as the private money-lenders are. In the finance needed to raise crops, these institutions form an important link in the chain of rural credit. If institutional credit is to be preserved, these institutions should be exempted. To prevent a few big money lenders forming themselves into joint stock banks a limit may be placed on the number of share-holders. But that limit should not be so high as 500. The provision that past payments in the case of post-depression debts will be appropriated only to interest, has to a certain extent mitigated the serious wrong done to these institutions.

*Some Minor Criticisms*

A beneficial feature of the Act is that some women who live solely on a small amount within Rs. 3,000 lent out, are exempted from the provisions of the Act. Orphans and infirm men are in the same position as these women are and they should also be exempted. The Act does not touch usufructuary mortgages. It is but just that when a person enjoys the property for twenty years for the sums he has lent out, the mortgagor should get back his property and the whole amount should be deemed to have been discharged. In the tenancy legislation of some provinces, provision is made more or less on the above lines for the discharging of arrears. The Zamindar will be in possession of the lands of the occupancy tenant for some years in lieu of the arrears of rent. After that period, lands will be returned to the tenant and the arrears will be wiped out. No provision has been made to save the debtor from being sold up. As has been already pointed out, a minimum holding should be exempted from being attached and a schedule of prices should be prepared at which alone lands could be sold. The Act has no provision to afford relief to the large number of insolvents. The present law of insolvency is so hopelessly complicated and expensive that few agriculturists can take advantage of it to avoid harassments. Provision should be made in the Act for a certain minimum of produce or lands for the subsistence of the insolvent debtor and his family.

*Future Credit.*

The first effect of the Act will be a drastic curtailment of credit and the seasonal agricultural operations will suffer through the drying up of credit. During the survey of some of the villages in the Cuddalore Taluk, it has been found that a good number of agriculturists have left their lands fallow on account of their inability to get credit. Conversation with the village folk of Ellayappanpettai has revealed that the society in Kurinjipady under whose jurisdiction they came was very shy to lend them. The collection of kist became very difficult in the villages. A sowcar in Kurinjipady said that business became very slack after the Debt Relief Act. Even the sowcar thinks twice before he lends out. The Revenue Inspector of Kurinjipady received as many as 15 applications for taccavi loans during the course of 15 days in the month of May. This is a very uncommon feature ordinarily. An inspection of the taccavi loan ledger in the Chidambaram Taluk Office clarifies certain doubts.

TACCAVI LOANS GRANTED BY THE REVENUE DEPARTMENT  
IN THE CHIDAMBARAM TALUK

Year or year.	Applications received.	Number sanctioned	Number rejected
1344 (1934-35)	9	4	5
1345 (1935-36)	3	1	2
1346 (1936-37)	8	2	6
1347 (1937-38)	10	Under consideration 1	9
1348 (1938-39) from 3-7-1938 to 20-8-38	15	3 under consideration	12

Chidambaram being a wet area, taccavi loans are not popular. In spite of it the number of applications received for only two months after the passing of the Debt relief Act is nearly double the number of applications received in previous years. We are not concerned here with the rejection of the number of applications or the amount sanctioned. The large number of rejection may be attributed to the inherent defect of the Land Improvement and Agriculturists' Loans Act and the administrative difficulties felt by the subordinate officers. We are interested only to show that due to the shrinkage of credit supplied by money lenders there has been a rush even to the unpopular taccavi loans.

An inspection of the loan ledger of the Chidambaram Loan and Paddy Sales Society supplements this evidence—



Village Centres	Amount of loans granted 1937 (January to December)			Amount of loans granted 1938 (Jan. to November).		
	Rs.	A.	P.	Rs.	A.	P.
1. Kattumannarkoil ..	749	0	0	2,795	0	0
2. Vilakam ..	3,330	0	0	7,830	0	0
3. C. Sathamangalam ..	1,150	0	0	1,960	0	0
4. Orathur ..	1,610	0	0	5,419	0	0
5. Maduranthakanallur ..	3,599	0	0	6,077	0	0
6. Maiyathur ..	1,896	0	0	2,602	0	0
7. Naivassal ..	2,662	8	0	1,854	0	0
8. Lakshmigudi ..	4,378	0	0	4,560	0	0
9. Keelnedumbur ..	3,567	0	0	4,347	12	0
10. M. Odayur ..	5,548	0	0	7,523	0	0
11. Suravilandur ..	6,474	0	0	3,875	0	0
Total ..	34,893	8	0	48,832	12	0
11. New centres started in 1938 ..				20,199	0	0
Grand Total	34,893	8	0	69,031	12	0

This feverish increase in the amount of loans advanced cannot be attributed merely to the expansion of the activities of the Society. If it had not been for the Debt Relief Act, the amount of loans advanced this year would not have doubled. From the figures derived from this Society it cannot be generalised that there is a great turnover of business in the Co-operative Societies. In fact, examination of some of the societies in the Cuddalore Taluk gives a contrary result.

Facts have proved that there is a shrinkage of credit supplied by money lenders. The question arises whether it is beneficial to the agriculturists. To a certain extent shrinkage of credit will do some good to the improvident agriculturists. But when the co-operative societies and other small banks restrict their credit, then the agriculturists will be at a loss to find money for the seasonal needs of agriculture. To that extent the repercussions of a shrinkage of credit are detrimental to agricultural production. So it is the duty of the Government to rectify the Co-operative movement and consolidate their position in order to enable them to meet the increased demands on their resources.



It is often said that the funds of moneylenders would not be kept idle but would soon find an outlet. Those who are eager to invest will invest their funds in fixed capital in urban areas. Investment in banks, especially at a time when there are bank failures, will not be popular. Many illiterate ryot moneylenders will begin to hoard or buy lands. When the investor becomes a burnt cat, it will take a long time for him to recoup and one cannot expect the money lender to lend easily to the agriculturist in the near future. In many cases the poor agriculturist who is in dire need of credit will conspire with the money lenders to evade the law. Investigation in some of the villages has brought to light cases where the professional money lenders execute promotes with statutory rate of interest but pay the agriculturists only half the sum mentioned in the bonds. It is doubtful whether pawn-broking comes under the scope of the Act. A number of families has pledged their jewels with the sowcars of Kurinjipady for small sums which carry very high rates of interest.

#### *Repayment of Scaled Down Debts.*

One of the most sensible criticisms of the Act is that there is no provision to enable the agriculturist to repay his scaled down debts. While on the one hand the creditor who is adversely affected is not redressed by immediate payment of the scaled down debts, on the other, the debtor will be harassed by the infuriated creditor who will prefer claims in the Court against him. Naturally, there will come to stay a large number of landless agriculturists as a result of the Act. A ryot of the Kottavaucheri village of the Cuddalore Taluk said, during the enquiry, that the repayment of loans should be based on instalment basis as in the case of land mortgage banks and that the Revenue Department should take the responsibility of collecting the instalments regularly for the creditors as arrears of land revenue are collected. This method would avoid expenses that would otherwise be incurred, if the creditor were to go to a court of law. The Revenue Department is already saddled with much work and cannot go into the affairs of private transactions. Another suggestion is the time limit of one year for the repayment of scaled down debts. After that period, the civil Court on application by the debtor or creditor, shall decide that the debtor shall convey and the creditor shall accept in full satisfaction of the debt such property as is equal in value to the debts due by him. The value of the property is to be decided on a proportion that is fixed in the case of

lands to assessment; in the case of houses and buildings, the net annual rental value taken for the assessment of property tax; and in other cases, the capitalised value of the net income from properties. Where the assets of a debtor are less than his liabilities, the creditor shall accept only such proportion of the scaled down debts that the total assets of the debtor bear to his total liabilities. While this proposal is fine on paper, it does not give an opportunity to the debtor to pay his debts in instalments. The anxiety of the Government to preserve the land from passing on to non-agriculturists will be defeated by this proposal. A proposal is made that the Government should issue bonds to creditors in full settlement of the debts by the debtors and thus transfer the claim on debtors to itself. Debts will be collected in instalments over long periods when the land revenue falls due. But the difficulty is that the entire responsibility of liquidating indebtedness falls on the Government. Huge amounts by way of interest should be paid to bondholders irrespective of the debtors paying the instalments. More than this, it will lead to a prolonged enquiry into each and every case before a settlement is made.

It is gratifying to note that Government is making attempts to organise debt conciliation boards throughout this Presidency to give effect to the relief that is foreshadowed in the Debtor's Relief Act. It is necessary for the Government to issue a notification calling upon all debtors and creditors to file in a prescribed form their claim before the village munsiff of their villages within an appointed date. This will give an idea of the amount of conciliation work that is to be undertaken, the number of centres where they are to be started and the amount of loans the Government would have to supply to the small and medium holders. Suitable amendment should be made in the Debt Conciliation Act if necessary, or rules should be framed both under the Agriculturists' Relief Act and the Debt Conciliation Act to enable the latter to effectively undertake the spreading of relief that is proposed in the former.

The Government has provided a sum of Rs. 50 lakhs in the budget for the disbursement of loans to the small ryots in order to enable them to take full advantage of the provisions of the new Act. Moreover, the Government has increased the guarantee in respect of debentures issued by the Central Land Mortgage Bank to a total face value of Rs. 250 lakhs. This is exclusive of such debentures as the Bank from time to time may redeem. The debentures should be issued for periods not exceeding twenty five years bearing interest at 5% and less. It

is hoped that this will give scope for money lenders to invest their funds in these debentures. This increased guarantee goes a long way in providing funds to the big land-holders to pay off their scaled down debts. But the enormous delay in the grant of loans by land mortgage banks must be ended.

### *Conclusion*

Though the Act needs improvement in many ways, it cannot be denied that this measure is a bold one and unique in its character. But this Act by itself cannot bring about the economic rehabilitation of the agriculturists. Indebtedness is the result of poverty and in turn aggravates poverty. So the curative methods that are adopted should aim at rooting out poverty. In the succeeding chapters it will be shown how multi-purpose co-operative society can, in addition to supplying cheap credit, increase the income of the agriculturists and prevent the debts wiped out from appearing again.

### *The Madras Debt Conciliation Act of 1936*

The question of conciliation of debts has attracted almost all the Provincial governments. The Central Banking Enquiry Committee suggested a vigorous policy of debt conciliation on a voluntary basis. The Government of the Central Provinces and Berar were the first to act on the suggestion of the Banking Enquiry Committee, and in 1933, passed the Debt Conciliation Act. The Punjab, Bengal, Madras and Assam followed suit. The Central Provinces Act is the foundation on which the other acts are based.

### *Other Provinces*

Before discussing the provisions of the Madras Act the position in other provinces may be briefly summarised. The main idea of these acts is that scaling down of debts should take place as a result of mutual agreement between the debtor and the creditor through the debt conciliation boards. The boards in the Punjab and the Central Provinces consist of not less than three members and not more than nine. The members include representatives of creditors and debtors. Revenue Divisional Officers of ripe experience have been appointed as chairmen. The jurisdiction of the Boards is limited in the different provinces, e.g., in the Central Provinces only debtors who do not owe more than Rs. 25,000 may apply to the Debt Conciliation Board. In the Punjab the limit is Rs. 10,000. Certain classes of debts are excluded under the Acts.

The Central Provinces Debt Conciliation Act does not exclude rent debts. The Bengal Act includes rent arrears subject to a number of restrictions. The Punjab Act excluded co-operative debts from the scope of the Act while in Central Provinces, Assam and Bengal these debts could be settled with the previous approval of the Registrar in writing. The Punjab Act excluded debts due to banks and debts incurred for purposes of trade by an agriculturist, while Bengal excluded debts due to banks.

A debtor or any of his creditors may apply to the Board appointed for the area in which the debtor resides to effect a settlement. Every creditor is called upon to submit a statement of debts to the Board within a specified period. Failure to comply with this provision will entail a discharge of all debts due to him. The rules regarding applications for debt settlement should be as simple as possible to enable an ignorant and illiterate debtor to furnish the statement with the aid of a scribe. The Bengal Act requires full particulars of the property of the debtor with their value to be given by him in the application which he is not able to fill up in many cases. To check fraudulent practices in the submission of applications, the Bengal Act empowers the Board to dismiss an application if the debtor being a joint debtor or a joint surety wants to defraud his partners in the debt, or if the application includes any claim which is intended to defraud many creditors, or there has been transfer of any property by the debtor within two years previous to the date of such application with a view to defraud any creditor. Before the Board begins its work of settling debts, it should stay the proceedings in the court in respect of such debts. The Central Provinces and the Punjab had not much difficulty in this direction while the village boards of Bengal experienced much difficulty. In the case of agreement in the Central Provinces, 'unless creditors to whom not less than 40% of the total amount of the debtor's debts are owing come to an amicable settlement with the debtor, no agreement can be arrived at between them.' Where the debtor has made the creditor a fair offer which he ought reasonably to accept, the Board may grant the debtor a certificate. The effect of a certificate on a creditor was that the court would disallow costs of the suit, and any interest more than 6% (simple) when the certificate is produced by the debtor. A non-agreeing unsecured creditor could not execute a decree until the amounts recorded as payable to creditors who have agreed have been paid off, or the agreement has ceased to subsist. Decrees for recovery of rent can always be executed. In the Punjab while an improve-

ment was made on the Central Provinces Act by providing for settlement of debts between a debtor and one or more creditors who might not be owing 40% of the debts, it has gone back on the Central Provinces Act by laying down that a certificate could be offered to the debtor only if creditors to whom 40% of the debts are owing have come to an amicable settlement with the debtor. The result was that certificates could not be issued in all cases even if the creditor had refused a fair offer. Bengal has made more stringent offers regarding the effect of a certificate. If a fair offer was not accepted by a creditor, a certificate might be issued to the debtor in respect of the debt to which the offer related. While the effect of the certificate is the same as in Central Provinces, a decree in respect of certified debts could be executed only after the expiry of such period not exceeding ten years specified in the certificate. In Bengal if creditors to whom 40% is owing agreed and the Board agreed that the offer of the debtor was fair, the Board may either pass an order that the debt to which the offer relates should be settled in accordance with such an offer or might issue a certificate. As in the Punjab, the Bengal Boards can grant an award on the basis of an amicable settlement even though the amount of debts settled did not amount to 40% of the total. The Board in Bengal might pass an order even binding a secured creditor to the award even though he might not agree. The interest due might be reduced and the original principal determined. In Bengal and Central Provinces debts incurred by the debtor after his application to the board could not be recovered by execution of any decrees until the award has ceased to subsist or the amounts payable under it have been paid. This incidentally gave creditors in respect of settled debts first charge on the properties of debtors. Another inducement to the creditors is the facility granted to them to recover the instalments through revenue officers. Except in Bengal, where appeals are provided for over the operation of village boards, no appeal or revision of order of the Board is allowed in other Acts. But a Board may review its own order on the application of an interested person or of its own motion. In the Central Provinces and Assam acts, lawyers are not allowed to appear before the Board, while in other acts they are allowed to appear with the permission of the Board.

The Boards have got certain wide powers. They can summon and examine parties and witnesses and call for documents. They can attach the immovable property of a debtor after receipt of his application. "Every transfer of property made with intent to defeat or delay the creditors of the debtor shall be voidable at the option of any creditor so



defeated or so delayed." (Central Provinces, Assam, Madras and Bengal Boards). The Bengal Act has provision providing for penalties (fining and imprisonment) "for making false statements, for producing false documents, for falsely personating or abetting any punishable act."

In the Central Provinces, the Punjab and, to a certain extent, in Bengal substantial results have been achieved by working the debt conciliation boards. In Central Provinces, where the greatest success was attained, nearly 50 debt conciliation boards were started and several of them were wound up after finishing their work. The Boards settled 46,537 cases involving an amount of Rs. 5.63 crores till the end of June, 1937. The amount was scaled down by nearly 48%—2.93 crores. The number of boards at work in the Punjab and Assam are five and two respectively. In Bengal the working of the Boards is not smooth and there is very much delay.

#### *Madras Act*

In Madras a bill for conciliation of debts was brought about by Mr. Ramalingam Chettiar in 1934, but the Government was not prepared to undertake any such legislation. On the report of Mr. Satyanathan on Agricultural Indebtedness, the Conciliation Bill was taken up and was passed into law. The experience of the working of debt conciliation boards in other provinces was not availed of and the six debt conciliation boards started under the Act in 1937 were not given a fair trial. The Congress Government which introduced the compulsory scaling down of debts by the Madras Agriculturists' Relief Act of 1938 revived the conciliation boards which gave the debtor the right to apply to these boards for a settlement of debts. Ninety-two boards have been formed covering the whole length and breadth of the Presidency so that all debtors may apply to these boards and have their debts scaled down according to the Madras Agriculturists' Relief Act.

The salient features of the Act are as follows. It applies only to agriculturists or occupancy tenants or landholders whose debts are above Rs. 100. Applications for the settlement of debt may be made either by the debtor or creditor. Thus the debtor can get a settlement of all his debts as scaled down by the Agriculturists' Relief Act without proceeding to a Civil Court. Particulars to be stated in the application are not simple and many applications are rejected on this count. An application can be dismissed if the Board does not consider it desirable or practicable to effect a settlement of debts. This section is vague and

under cover of this section the Chidambaram Debt Conciliation Board has rejected 277 applications in 1939 out of 374 applications taken for conciliation.

The procedure followed in the settlement of debts is as follows:— A debtor or any of his creditors may make an application for settlement of the debts giving the particulars mentioned in section 6 of the Act. On receipt of the application, the board fixes the date and place for hearing the application. The necessary notices are sent to the debtor and his creditors and the latter are expected to submit the accounts within two months of the receipt of the notice. Every debt of which a statement is not submitted to the Board shall be deemed to have been discharged. The Board may decide a dispute after taking evidence as to the existence or the amount of the debt due to any creditor or the assets of any debtor. It can summon and examine parties and witnesses who are liable to a criminal charge or to a penalty if they give out false statements. The provisions of the Agriculturists' Relief Act by which the amount due is scaled down statutorily will be taken into account by the Debt Conciliation Board. On this basis, the Board prepares a complete schedule of the creditors and of the assets and liabilities of the debtors. If the creditors to whom more than 50% of the debts are due come to an amicable settlement with the debtor, such settlement will be reduced to writing in the form of an agreement. The agreement will be registered within thirty days by the chairman and it will take effect as if it were a decree of court. It is, however, necessary as in the Punjab to arrive at a settlement with creditors even though 50% of debts are not owing to them. No settlement of a Co-operative debt shall be valid without the permission of the Registrar of Co-operative Societies. When a secured creditor does not agree to the settlement, such settlement will not affect his rights to proceed against the secured property. The Board can issue a certificate to the debtor, if a creditor does not agree to an amicable settlement. If that creditor sues the debtor the court will neither allow him any cost nor a rate of interest in excess of simple interest at 6%. If any creditor sues a debtor for a debt incurred after settlement of the debts, it will not be executed as against the assets set apart in the agreement for the satisfaction of the agreed debts until all amounts under the agreement have been paid. No court can entertain any suit in respect of any matter pending before the Board or question the agreement under this Act. A debtor before the Board cannot alienate his property without the Board's approval.



After the passing of the Madras Agriculturists' Relief Act, the ninety-nine boards spread over the Presidency have no question of conciliating the debts by mutual agreement but only determining the amount due to each creditor in relation to the provisions of the Agriculturists' Relief Act. The boards mainly give effect to the scaling down of debts under the other Act. The working of the Debt Conciliation Act in the whole Presidency cannot be judged so early. But an idea of some of the defects in the Act can be had by studying the working of the Chidambaram Debt Conciliation Board.

*The Chidambaram Debt Conciliation Board.*

The Board in Chidambaram constituted in the middle of January 1939 began to function from the middle of February. The members of the Board are the Revenue Divisional Officer, who is the chairman and two non-officials, (Dr. B. V. Narayanaswamy Naidu, Professor of Economics, and a lawyer). The total number of applications received in the year was 445 (437 applications from debtors and 8 from the creditors). The debts in almost all the cases were affected by the Agriculturists' Relief Act. The following table will give an idea of the working of the Board for the year 1939.

Applications instituted			Disposed of			Number of sitting
Month	Number	Amount	Rejected Sec. 7 Sec. 9	Agree- ments		
Jan.	..	..	..	..	..	..
Feb.	6	31516 0 0	..	..	..	..
Mar.	40	50651 12 6	..	1	..	2
Apr.	38	70328 8 2	21	..	..	1
May	20	16532 13 0	1	1	..	1
June	51	73967 3 10	29	6	..	2
July	58	131830 3 2	9	6	..	2
Aug.	74	86112 4 6	4	24	..	2
Sep.	67	137313 10 10	11	10	..	3
Oct.	58	67671 10 7	7	37	..	3
Novr.	21	59857 15 11	5	73	5	2
Decr.	18	34114 3 0	1	114	4	4
Total	447*	759900 5 6	88	277	9	22

\*Only 445 applications were actually instituted but two were once dismissed and restored.

Out of the total of 447 applications received and 374 disposed of, the Board was able to effect an agreement only in nine cases. It means that in other cases the parties had to go to the civil court. Decree holders who had already got decrees and secured creditors also entered into the agreement in these nine cases. The sums involved in all these nine cases amounted to Rs. 7759-6-9 while those in the case of the 447 applications amounted to Rs. 7,59,900-5-6. It is indeed curious that the majority of applications rejected were under section 9 of the Act by which, in the estimate of the Board, conciliation was not desirable or practicable. Perhaps the Board used this clause too often to the detriment of the debtors. The aim of the Board should be to bring together the creditors and debtors by personal appeal. Some cases were dismissed for default or negligence in application and a few cases for want of bonafides on the part of debtors. It is, however, necessary to amend the Act in such a way as to make application more easy. Only in two cases were certificates issued to debtors against creditors who refused a fair offer of settlement. The time taken for the disposal of applications is four months normally and six months at the utmost. Cases are not wanting where debtors have appeared before the court several times before their applications have been disposed of. It must be the policy of the Board to dispose of applications in the first sitting or at the latest in the second. Unnecessary costs are incurred by the ryots in attending the Board several times and in the end they are told that their applications are dismissed. It must be made compulsory for creditors also to attend the Board. For then there is a greater scope for personal influence of the members of the Board playing a part in effecting a settlement. On no account should lawyers be allowed to appear before the Board, as their appearance reduces the Board to the nature of a Civil Court.

In almost all cases, the debtors rushed to the Board only to avail themselves of Section 25 of the Act which enable them to drag on the proceedings in Court and to avert temporarily impending execution proceedings and sales. Moreover, the nature of debts is such that the assets bear a very small proportion to the total debts. It is, however, necessary to introduce insolvency provisions applicable to debtors in the Debt Conciliation Act. Again, secured Creditors should be placed on the same level as unsecured creditors. As the debtors own heavily encumbered property, the secured creditors at present do not want to relinquish their security with the result that the other simple creditors have no means of recovering their amounts. To avoid all these difficulties, drastic

changes should be made in the Debt Conciliation Act or the present Act might be scrapped and Debt Adjustment Courts to deal with debts, scaled down by the Agriculturists' Relief Act, should be started as in the Central Provinces. Such courts will have wide powers in dealing with creditors who are willing to come to terms and, in fact, they will compel the creditors to come to terms. In conclusion, it must be said that compulsion and not conciliation will succeed in the matter of scaling down debts in the Madras Presidency.



## MONEYLENDING AND REGULATION OF MONEYLENDING

A survey conducted in the Cuddalore Taluk has revealed that 89% of the borrowings of the ryots was from ryot moneylenders, Saukhars and peasants, 10·3% from Co-operative societies and 7% from Government.\* Mr. Satyanathan's figures for the 141 villages surveyed by him are—93% Moneylenders and others, 6% Co-operative Societies and 1% Government. These figures compare favourably with the figures collected in Cuddalore Taluk. So it cannot be doubted that the bulk of the loans to the agriculturists comes from moneylenders.

*Who are the Moneylenders?*

It is impossible to arrive even at a rough number of moneylenders in this Presidency, for there is no agency through which such statistics could be collected. Moreover, there are not only professional moneylenders but ryot moneylenders also. In fact, money lending by one ryot to another is very common. The Madras Banking Enquiry Committee said "There are moneylenders everywhere, but it is doubtful whether even half of the moneylending of the Presidency is done by professional moneylenders." The survey conducted in the South Arcot (vide tables 13 to 15) gives us an idea of the number of ryot moneylenders and others who lent out to agriculturists. Out of 31 loans on mortgages both simple and usufructuary in fifty families 30 loans were from ryot moneylenders; out of 55 loans on bonds 45 were from ryot moneylenders; and out of 41 minor loans including hand loans which bear no interest 20 were from the Saukhars. As these figures show, lending from one ryot to another is very common in the South Arcot District. Small traders and merchants also lend to agriculturists. The 'Komattis' (Vaisyas) in the Telugu villages, the oil mongers in the North Arcot, the Vaisya Chettis in the Central and Southern districts and the Mapillas in the West coast lend money to villagers on condition that the produce should ultimately come to them for sale. These petty merchants lend their

\* Vide Appendix, Tables 13 to 15.

own capital and occasionally take loans from the indigenous bankers. The Marwaris, who lend money to the villagers on jewels, gold and silver, brass vessels etc. and on pronotes and produce, generally trade on their own capital and occasionally borrow from the more wealthy of their class. These Marwaris have their shops in small towns and market centres. The villagers in the surrounding villages pledge their jewels and utensils with them for loans at very heavy rates of interest. It is very difficult to get any information from these Marwaris. There are about four shops of Marwaris in Kurinjipady and almost all the villagers around this small market centre borrow from these Marwaris on the pledge of jewels.

### *Kinds of Loans*

The ryot moneylenders and other professionals generally lend money on pronotes, personal security or on joint security and on the mortgage of landed property. Pronote debts are to be returned within a short time, generally a year. The rate of interest was generally high, but now the Madras Agriculturists' Relief Act of 1938 has fixed a statutory rate of interest at 6¼%. When the rate of interest was high the ryot was unable to repay within the stipulated time with the result that the interest that accrued at the end of the stipulated period was added to the principal and a fresh bond was executed. In the course of a few years, the debt multiplied itself many times over and ended in a mortgage debt, the debtor mortgaging his lands and houses as security for the loan. Such cases are legion in the South Arcot District, as is revealed by the enquiry in certain villages. The mortgage debt continued for sometime when finally the creditor took the ryot to the court and secured his decree. Eventually, he took possession of most of his lands.

A rough calculation of the lands that have changed hands in the Madras Presidency between 1931 and 1934 has been given by Mr. W. R. S. Satyanathan in his Report on Agricultural Indebtedness in the Madras Presidency. As already described in Chapter 3 on Indebtedness, the total number of acres which changed hands in two typical villages in each district of the Madras Presidency except Malabar and South Kanara between 1931 and 1934 is 23,932 acres. Mr. Satyanathan says "there are 21,631 ryotwari villages in the twenty five districts of the Presidency. The average number of ryotwari villages per district may be taken to be 865. .... So the total ryotwari area that changed hands

from 1931-1934 for the Presidency except Malabar and South Kanara may be roughly calculated as 10,351,000 acres." About 20% of this, according to his calculations, went to non-agriculturists. He reckons that a good portion of this went to moneylenders.

Moreover, the mode of keeping accounts is very unsatisfactory. Usually no receipts are given to ryots for repayment of loans. They are generally noted in the promotes. Certainly there is nothing to prevent them from noting them. During the survey in South Arcot District it was found that many ryots were unable to give the exact figures of their debts including principal and interest. They were able to give only the original sum borrowed years ago and the renewals of the bonds at intervals. They were not able to produce any receipts for the payments they had made. In effect, the poor agriculturist who once contracted a debt always found himself in debt and never got out of it.

### *The Rate of Interest.*

Among the system of mortgages there are two kinds, the simple mortgage which bears a rate of interest and the usufructuary mortgage which does not bear interest, but the benefits of the property (which is the security for loan) are enjoyed by the moneylender. Both simple and usufructuary mortgages are common in South Arcot District, but the former is more popular. The rate of interest that is commonly charged by the moneylenders on simple mortgages, according to the survey, varies from 10 to 18%, but 12% rate of interest is very common. Thus, out of 17 cases of simple mortgage 11 cases bear an interest of 12%.\* According to Mr. Sathyanathan's survey in the whole of the Presidency the most common rates of interest range from 9 to 12%. The Madras Banking Enquiry Committee Report examined the rate of interest for 100 mortgages every third year between 1887 to 1929 and found that the number of mortgages at 12% remained constant. Mortgages registered in the Sub-Registrar's Office, Chingleput between 1887 to 1929 showed that the number of mortgages between 11 and 12% was the largest.\*\* The Report of Investigators of the Madras Banking Enquiry Committee arrives at the same conclusions. The Madras Banking

\* Appendix II, Table 13.

\*\* Report of the Madras Banking Enquiry Committee, p. 223.

Enquiry Committee gives the rates of interest prepared from settlement reports in the following districts:—

	Rates of interest.	
Tanjore District:—		
Secured debt	..	9 to 12%
Unsecured debt	..	6 to 24%
Trichinopoly District:—		
If borrowed from ryots	..	12%
If borrowed from moneylenders	..	18%
East Godavari, West Godavari, and Kistna:—		
Mortgages of immovable property	..	9 to 12%
Pledge of movables	..	12 to 15%
Unsecured loans	..	12 to 18%
Bellary and Anantapur Districts:—		
Black cotton soil taluks of Bellary and Anantapur.—		
4% of the amount of debt	..	6% and less
22% do.	..	6 to 9%
44% do.	..	9 to 12%
23% do.	..	12 to 18%
3% do.	..	18 to 24%
Red soil taluks of Bellary District.—		
57% of the secured debt	..	12% and less
3% do.	..	24% and more
80% do.	..	12% and less
1% do.	..	24% and more
Red soil taluks of Anantapur District.—		
70% of the secured debt	..	12% and less
80% of the unsecured debt	..	
12% of the secured debt	..	12 to 18%
15% of the unsecured debt	..	
2% of the secured debt	..	18 to 24%
2% of the unsecured debt	..	

The Madras Banking Enquiry Committee gives also the rates of interest claimed in suits in courts in six districts and the greatest number of suits claimed a rate of interest between 12 to 13%.\* These conclusions derived from different methods and at various periods point out that the general rate of interest on mortgages is 12%.

The rate of interest on Bonds, according to the survey in the South Arcot District, varies from 12 to 24%. Twelve percent and eighteen

\* Report of the Madras Banking Enquiry Committee, pp. 226-227.



percent rates of interest are common. (Appendix II-Table 14). The rates of interest of unsecured debts according to settlement report (table given above) range from 6 to 24% in Tanjore, 12 to 18% in East Godavari and 12% and less in Bellary and Anantapur districts. According to Mr. Sathyanathan's Report the ryot moneylender charges between 9 to 18% and a penal rate from 18% upwards for default in payment of interest. At every renewal—normally once in three years—the unpaid interest is added to the principal. Thus compound interest with three year rest is charged.

The rates of interest of the Marwaris vary according to the demand for money, the value of the security offered and the personality of the borrower. For example, a rich mirasdar will get a loan on the pledge of jewel for a lower rate of interest than a poor ryot. According to the Madras Banking Enquiry Committee Report "The smallest of these moneylenders operate among workshop coolies, railway employees and the like, lending petty sums at rates varying from 20 to 150 per cent. With the development of his business larger loans are given at more reasonable rates which vary usually between 12 and 24%." Mr. Sathyanathan said that the Marwaris charged from 18 to 50% simple or compound interest and often more, and their operations were distinguished by the most hard-hearted ruthlessness. During the survey in the Villages of the South Arcot District, it has been found that the Sowcars of Kurinjipadi usually charged between 18 to 37½% but 9 pies for a rupee for a month or 50¼% was not uncommon. (Appendix II-Table 15). A loan secured on gold should necessarily bear a lower rate of interest but the sowcars charge the highest rate because of the borrowers' urgent need. Enquiry in the villages has shown that in most cases the jewels were not redeemed because the high rate of interest soon mounted up and made it impossible for the poor ryots to redeem the jewels.

Some Natukkottai Chettians lend money on what is known as the kandu, kist or thandal systems. In this system, the interest is deducted in advance and the amount is repaid in equal instalments either daily, weekly or monthly. As no rebate of interest is allowed on the principal repaid, the rate of interest works out to a much higher figure.

Another kind of moneylending which reduces the poor agricultural labourer to life long serfdom is prevalent in most of the districts of the Madras Presidency. The landlord lends a certain sum of money—usually Rs. 100 to Rs. 200—to an agricultural labourer who undertakes to

serve the landlord till such time as he returns the money. The service he does covers the interest for the loan and the wages he gets are below subsistence level. The result is the labourer could never hope to get the sum he borrowed from his master and is bound to him for ever and thus loses his opportunity to get work anywhere he likes at terms favourable to him.

Considering the return from agriculture, the rate of interest paid on the capital used by the agriculturist is usurious. It is correct when Mr. Sathyanathan says "It is obvious therefore that lending to the average agriculturist in India at rates, which exceed 6 per cent simple interest per annum, must be regarded as usurious, whoever the creditor may be." During the economic depression the income from land almost dwindled to nothing and the rate of interest on the working capital was really burdensome. The necessity for lower interest rates and scaling down debts has already been stressed in the previous chapter. Both by voluntary methods—debt conciliation boards—and compulsory measures—The Madras Agriculturists' Relief Act—the rate of interest has been fixed at  $6\frac{1}{4}\%$  per annum on a loan taken by an agriculturist. The effect of the compulsory measure in Madras has already been discussed. There was a sudden shrinkage of credit and in many cases the poor ryot in dire need of money colluded with the moneylenders to evade the law. Cases were brought to light where the moneylenders executed bonds with the statutory rate of interest but paid the agriculturist actually only half the sum mentioned in the bonds. Such practices can be easily put an end to.

#### *Regulation of Moneylending.*

The most important measures in the matter of regulating money-lending—the Madras Agriculturists' Relief Act (which laid down that any rate above  $6\frac{1}{4}\%$  to the agriculturist was usurious and unlawful) and the Debt conciliation Act (which sought to reduce debts and interest through conciliation boards)—have been discussed in the previous chapter.

The Usurious Loans Act of 1918:—Before 1855 regulations in Madras and some other provinces fixed the maximum rate of interest at 12%. Usury laws were repealed in that year and the Hindu law of *Damdupat* was not followed. The agreed rate between the parties had to be decreed. On the recommendation of the commission appointed in 1891 to enquire into the working of the Deccan Agriculturists' Relief

Act, the Government of India amended the Contract Act in 1899 declaring void contracts in which undue influence was exercised or unconscionable transactions were entered into. As the contract Act was not of much use against the abuses of moneylending, the Madras Government pressed for some legislation in 1906 against exorbitant rates of interest. Some of the suggestions are that the rates of interest should be statutorily limited, that the principle of *Damdapat* should be embodied in law and that the courts should have powers to reopen the accounts and determine the original principal to be paid. In 1918 the usurious loans Act was passed. A debtor could not get relief under this Act except by driving the creditor to court by refusing to repay. He could not sue the creditor for accounts and for redemption of mortgages. The Act was amended in 1926 enabling a debtor to apply for redemption of mortgages. Under the Act, the court might reopen a transaction, if, in its opinion, the interest was excessive or the transaction between the lender and borrower substantially unfair. In deciding excessive interest and unfair-transactions, the criteria for the guidance of the courts are "(1) the risk taken by the creditor, including the presence or absence of security and the financial condition of the borrower, (2) the various other charges besides interest made by the creditor, such as charge, in money or in kind, for expenses, inquiries, fines, bonuses, premia and renewals, (3) the compound interest if any, charged, and (4) all the circumstances attending the loan including the need of the debtor." According to the Act decreed amounts could not be reduced. "Where a bond was overwritten and there was failure of consideration, the court was helpless, unless extraneous evidence was strong enough to prove what was actually lent." These set a limit to the reopening of accounts. Accounts might be reopened upto a period of twelve years from the date of transactions even in the case of renewed loans. The excess over the fair rate of interest already paid would be adjusted to the principal and any overpayment would be refunded to the debtor. The court was also empowered to set aside, revise or alter any security given or agreement made in respect of a loan. But the conditions imposed on the determination of a fair transaction nullified the application of relief clauses to the debtors. Again, the debtor cannot sue the creditor for accounts according to this Act. A debtor can sue only for redemption of mortgages. The Madras Agriculturists' Relief Act, which replaces the Usurious Loans Act in many respects, does not provide for the suing of accounts and thus prevents the debtors from applying to the court for getting the relief provided in the Act.

Mr. Sathyanathan, in his inquiry into the working of the Usurious Loans Act, was supplied with figures by District Judges regarding the interest awarded in cases that came before them. A uniform procedure is not followed in all the cases. Mr. Satyanathan says "The number of cases, in which the usurious loans act has been applied, forms a ridiculously low proportion of the total number of cases dealt with. The decisions as to what is usury and what is not, seem fickle and uncertain and the rates of interest eventually allowed vary from 30% to 6%. I am compelled therefore to conclude that the decisions have not always been arrived at on definite principles of law, but somewhat perhaps according to the individual personality of the presiding judges.....in cases where the defendant does not appear and is therefore declared *exparte*, the interest claimed is never questioned by court, however high it might be. It is an established fact that such defendants, being hopelessly poor and despondent, seldom contest the claims of their rich and powerful creditors, who invariably engage good lawyers to represent them. I am led to believe further that the amount of principal claimed and recorded in the pronotes or registered documents is never questioned by the courts in any suit, although it is well known that the borrower very often does not get the amount recorded in the documents. The worst of it is that interest is calculated on fictitiously recorded principal amounts, thus enhancing the rates of interest to an enormous extent." The above quotation gives a very good idea of the unsatisfactory way in which the Usurious Loans Act is worked.

The Madras Banking Enquiry Committee Report, the Central Banking Enquiry Committee Report and Mr. Satyanathan's Report are of opinion that no definite statutory rate of interest should be fixed. In discussing the Madras Agriculturists' Relief Act in chapter 5 we have pointed out how the fixing of such a maximum limit was beneficial to the agriculturists and a step in the right direction.

#### *Regulation of Accounts*

The Punjab Regulation of Accounts Act of 1930 was the first of its kind in British India. Almost all the Provinces have passed laws on the basis of the Punjab Regulation of Accounts Act. In Madras also the Madras Debtors Protection Act of 1935 regulates moneylenders accounts in a very restricted sphere. In fact, that Act is almost a dead letter. The Government that brought in

the Agriculturists' Relief Act was planning to introduce a Moneylenders' Bill for the regulation of accounts and of moneylending in general; but owing to a deadlock in the constitution nothing was done.

The main provisions of the Punjab Regulation of Accounts Act are that moneylenders or shopkeepers who advance loans in money or in kind at interest should keep an account for each debtor and send him every six months "a signed statement of the accounts, distinguishing between principal and interest and detailing all the loan transactions of the past six months. If a separate account is not maintained for a debtor, the creditor, on suing him, is liable to lose his interest and will in any case not be awarded his costs."

Briefly stated, the provisions of the Madras Debtors' Protection Act are as follows:—Explaining the term 'loan' the Act says that it means "an advance of money or in kind at interest, being for a sum, or being of value, of less than five hundred rupees at a time in any one transaction and includes any transaction which the court finds in substance to amount to such an advance but does not include . . . (sub-section 7 of Sec. 2). Thus a loan above Rs. 500 cannot come under the Act. But this Act, unlike other acts, requires pawnbrokers also to keep accounts noting the details of the article pledged, the time agreed for redemption, the name of the pawner and the name of the owner of the article. A copy of the entry in such account should be delivered to the pawner on payment of the prescribed fee. Just as in the Punjab Act, every creditor is to maintain an account. In addition the Madras Act requires the creditor to record the rate of interest charged on the loan. But the statement of accounts should be furnished to the debtor only if he asks for it, on the payment of the prescribed fee. Failure to maintain accounts or give receipts or statement of accounts on demand will result in the waiving of interest during the period of default and the disallowance of cost in suits by creditors. It was laid down that if the interest charged exceeded 9% simple interest in the case of secured loans and 15% in the case of unsecured loans the court would presume for the purposes of sections 3 and 4 of the Usurious Loans Act that the interest was excessive and the transaction substantially unfair. But sections of the Usurious Loans Act can be applied by the court even though the rates of interest may be less than those prescribed by this Act.

It is, however, necessary that the limit of Rs. 500 placed on the loans that could come under this Act should be abolished. As in the Punjab and in some other provinces, the creditor should necessarily send a half-

yearly statement of accounts to each of his debtors showing the total interest and principal due separately and all the transactions relating to the loan in the previous six months. The debtor should be allowed to sue for his accounts. This provision may be avoided if inspectors and auditors are appointed to examine the accounts of the moneylenders periodically. As Mr. Sathyanathan says, this Act "should be brought prominently to the notice of the public at an early date, and that the attention of all Civil Judges should be drawn to its provisions."

### *Insolvency Laws*

The cry of the moneylender is that the insolvency acts are used often by the dishonest debtors to evade payments and that this is facilitated by the delay in liquidation proceedings by the official receivers. The Madras Banking Enquiry Committee recommended that the official receivers and assignees should be permanent salaried government officers and that the insolvency cases should be dealt with more expeditiously by civil courts. In this connection, it must be emphasised that a simple rural insolvency act should be introduced to enable the poor villagers to make immediate use of that Act. The present insolvency act is so complicated that the poor peasants are unable to take protection under this Act.

Both the Madras Banking Enquiry Committee and Mr. Sathyanathan's Report give figures to show the inordinate delay of proceedings in courts and the delay in execution. Mr. Sathyanathan was supplied with figures by judges in thirteen districts. A summary of the figures is as follows:

Year.		Average duration of suits (days)
1930	..	397
1931	..	574
1932	..	384
1933	..	322
1934	..	489



The figures by the Madras Banking Enquiry Committee are interesting—

		Average number of days.	
		Contested suits.	Uncontested suits.
Sub-Courts	..	588	90
District Courts	..	560	146
Appeals in District and Subordinate Judges' Courts	..	427	210

The position in 1939 has not materially changed. These prolonged proceedings in courts involve great cost to money-lenders as well as peasants. Execution of a decree involves greater delay and obstacle. The Madras Banking Enquiry Committee is correct when it says "The loss by being compelled to have recourse to the courts to recover dues is so considerable that the interest must be charged at a high rate to cover that loss and the ready payer must pay for the others who cannot or will not pay in full; so that there is here a strong argument against prompt payment and any one who pays on the due date comes to be regarded as more foolish than his fellows. Quicker decision and prompter and more effective execution are essential if better facilities are to be given for cheap credit."

The provision of arrest in the execution of decree should be abolished in the case of agriculturists particularly and of all others generally.

A land alienation Act restricting the alienation of land on the basis of the Punjab Act should be immediately introduced in this Presidency to prevent the alienation of all lands to moneylenders. In this Province except in the Agency tracts no restriction has been placed on the alienability of ryotwari lands.

#### *Registration and Licensing of Moneylenders*

The Madras Banking Enquiry Committee are of opinion that registration should be optional to a moneylender. The Central Banking Enquiry Committee say that the main objects of registration viz., reduction of the high rates of interest and the removal of dishonest practices among certain members of their class—may be achieved by utilising the Usurious Loans Act more fully, by regulating accounts on the model of the Punjab Regulation of Accounts Act, by educating the rural borrower and by the spreading of co-operative and joint stock



banking. Hence they are against licensing of moneylending. But licensing of moneylending in addition to regulation of their business may be justified on three grounds. "Firstly it helps to locate the class of persons whose accounts have to be supervised. Secondly, it lays the foundation for the growth of organised rural banking which will in course of time be connected with larger banking institutions. It helps also for the gradual audit of accounts and for enforcement of rules of business by superior financing banks as the Reserve Bank. Thirdly one result of the regulation of moneylenders will be the driving out of occasional moneylending and the investment of funds in organised banks or in the hands of bigger moneylenders."\* In addition, registered moneylenders who will really grow in strength and maintain correct accounts may have a good chance of being appointed as agents of joint stock banks in the country. "This would remedy one of the obstacles of branch banking in India, namely the complete ignorance of the urban banker as to the conditions prevailing in the mofussil and the high cost of running a full fledged branch in the interior with a responsible manager."

Registration of moneylenders is being provided for in recent legislations in several provinces. To minimise too much interference in rural moneylending, moneylenders and moneylending may be defined and certain class of loans by certain persons—e.g., kind loans, loans by landlords to tenants etc., may be exempted. In licensing moneylenders a limit of capital invested in the business may be laid down. To further licensing in the initial stages, unlicensed moneylenders should not be given the benefit of suing in courts for the recovery of loans. Suitable rules should be framed for the guidance of the Registrar of moneylenders. The District Collector in each district can conveniently act as the Registrar. A special Act should be framed for regulating pawn-broking which is very common in the rural areas.

\* K. G. Sivaswami, *Legislative Protection and Relief of Agricultural Debtors in India*.

The Reserve Bank is prepared to rediscount agricultural paper of moneylenders discounted by Scheduled banks at special rates by grant of rebates to scheduled banks in respect of such paper. This can be facilitated if the moneylenders are registered. An association of registered moneylenders can even approach the Reserve Bank for the direct discounting of their agricultural paper.



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# JOURNAL

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### Agriculture and Food Problem in Madras\*

By

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*Director of Agriculture, Madras.*

Like all other parts of India, Madras is an essentially agricultural province and over 80% of her population is almost entirely dependent on cultivation for livelihood. The Madras cultivator is a hard working man and knows his job fairly well. He has begun to realise the advantages of improved methods of cultivation and is willing to adopt any improvement provided it does not involve the payment of cash for any purchase. His economic condition is very unsatisfactory and he suffers from the disadvantages of fragmentation of holdings and want of subsidiary industries such as dairying, poultry-keeping, sheep fattening, etc., to occupy his spare time in slack seasons. He now moves in a vicious circle: Unless his economic condition is bettered he cannot produce better crops and unless he produces better crops his economic condition cannot be improved. In any case, on a cultivator of this kind we depend for all our industrial and food crops and it is he who is

\*Valedictory Address delivered at the Cosmopolitan Club, Annamalai University, on 13th February 1942.

now called upon to increase the production of food crops to make good the shortage due to the fall of rice imports into our province from Burma and other foreign countries. Let us now examine the war time agriculture of our province.

The total area under cultivation in the province is about 3 crores and 60 lakhs of acres of which about 86 lakhs are under irrigation while the rest of the area is dependent on rainfall. Nearly three-fourths of the total cultivated area or about 2 crores and 75 lakhs of acres are under food crops like paddy, cholam, ragi, different kinds of pulses, etc., and the remaining area, namely about 85 lakhs of acres is devoted to industrial crops like cotton, groundnut, tobacco and sugarcane.

Madras stands in a very fortunate position in regard to agricultural raw materials, though it has very few industries worth mentioning besides spinning and weaving. Most of the provincial governments and States are now seriously concerned with the difficulty of finding markets for their short-staple cotton and I am sure that most of you are already aware of the amount of attention which the Government of India are paying to this question in recent months. The Government of India have been seriously considering ways and means by which the grower of short staple cotton could be helped to obtain reasonable prices for his cotton and have even imposed recently an import duty of 1 anna per pound or Rs. 25 per bale of cotton imported from other countries with a view to utilise this income for the benefit of the cultivator. Japan which was our best customer for this cotton has now become involved in war against us and is no longer in our market to purchase this cotton. Japan's takings of our cotton amounted to about 15 lakhs of bales every year of mostly short-staple cotton and with the loss of the Japanese market the Indian cotton grower is at his wits' ends. Fortunately for us in Madras, the problem of short-staple cotton is of little consequence. The production of our cotton of all types is about 5 lakhs of bales and not more than 20 thousand bales of this cotton is of the type which is under serious consideration of the Government of India. Even of this small quantity as many as 19 thousand bales are of special quality, being red-coloured and have as good a demand as any staple cotton. The quantity of cotton that comes under real inferior short staple cotton is only about one thousand bales which are produced in the Vizagapatam district. The staple lengths of our cotton varies



from about  $3/4$  to  $1\ 1/8$  inches and the best of our cottons are capable of spinning up to 60s. Our best cotton is almost entirely consumed by our local mills and the rest has a fair demand both in Madras and other provinces in India. Thus our cultivator is quite safe so far as cotton is concerned.

Our position of groundnut is, however, unsatisfactory. Madras is the largest producer of groundnut and has about 36 lakhs of acres under this crop. About 50% of our groundnut was consumed in India prior to the war and all the rest was exported to foreign countries. But due to want of shipping space there was a big fall in exports last year with a consequent crash in prices. Luckily the Food Ministry in England came to our rescue by offering a suitable price for a fairly large quantity of this commodity. This timely assistance, coupled with the reduction of area under groundnut upto about 30% due partly to intensive propaganda by the Revenue and Agricultural Departments and partly to the unfavourable season, has been very helpful for maintaining the present level of prices. But the danger is not over. If the cultivator thinks that the present prices would be maintained and he increases the area under production, he will have again to face lower prices. He is, therefore, well advised to take note of the propaganda by the Revenue and Agricultural Departments and adjust the acreage. Every effort is, however, being made by Government to increase the local consumption of groundnut and if the cultivator co-operates with the efforts of Government by reducing the area he may not have cause for repentance. The area so reduced can very well be utilised for food crops which are now selling at a fair price. There is, of course, enormous scope for increasing the consumption of groundnut in India provided a suitable lamp is designed for using this oil in the place of kerosene for the purpose of lighting. A lamp, in fact, has been prepared but I am not sure if it is good enough for putting on the market.

In the case of tobacco, Madras holds a virtual monopoly for the cultivation of Virginia or cigarette tobacco. This crop has a fair market even now and requires no special attention except in the direction of the improvement of its quality. Steps have been taken for its improvement through better cultivation and the elimination of pest attacks and it would be enough if the cultivator does not unduly increase the area under this variety. Local varieties of tobacco are usually consumed in this country itself and require no particular attention for the present.

One other crop that is likely to affect the agricultural economy of our cultivator is sugarcane. The number of sugar factories in our province is too inadequate to deal with all our sugarcane but so long as there is a reasonable demand for jaggery there is no trouble with this crop.

So much for the commercial crops.

Now I should like you to turn your attention to food crops which are at present much more important than the commercial crops. I have already mentioned that the average area under food crops in our province is roughly 2 crores and 75 lakhs of acres. Of this area, about 85 lakhs of acres are under semi and fully irrigated paddy; but if the second crop also is taken into account the area under paddy would come to a little over 1 crore acres. The remaining 1 crore and 90 lakhs are under dry unirrigated crops like cholam, cumbu, ragi, etc. The normal annual production of all these crops is about 80 lakhs of tons of cleaned grain. Three-fifths of this quantity or 50 lakhs of tons are rice and the remaining 30 lakhs represent all other grains. This total quantity is not enough to feed our population in normal years and we are therefore obliged to import rice from Burma, Siam, etc., to the extent of 9 lakhs of tons per year. But we also exported our finer rice to Ceylon, Mysore, Hyderabad and Bombay roughly 2 lakhs and 50 thousand tons. Our net imports were, therefore, 6 lakhs and 50 thousand tons. Now we all know that the imports of foreign rice have very greatly diminished and are likely to stop altogether. The question, therefore, is "How can we meet this deficit and what steps have been taken by the concerned Government Departments to produce more food crops not only for ourselves but also to meet the demand of our army abroad." There are two ways of increasing the production, viz., by extensive and intensive methods. That is to say, by increasing the area under food crops and by increasing the yield per acre.

Considering first the question of extensive cultivation it should be clearly understood that in our province there is little or no waste-land available which can be brought immediately under cultivation without irrigation. Every acre of land that can be cultivated is already under cultivation except the strips of land adjoining the railway lines and the railway stations. Government have already taken steps to utilise these lands for growing food crops as during the last year. The only possibility is to divert for food crops a portion of the land which was hitherto

cultivated with commercial crops. I have already mentioned the steps taken in this direction by reducing the area under groundnut to the extent of 10 lakhs of acres last year. Information is not yet available as to what proportion of this area was utilised for food crops. It is possible that at least 30% of this area or about 3 lakhs of acres was devoted to these crops. This was what was achieved last year and propaganda will be continued for growing more food crops in the place of groundnut till the war is over.

The area under irrigated paddy also has, to a little extent, increased due to the facilities offered by the Irrigation Department for more water. The total irrigated area of the province is, as I have already mentioned, about 86 lakhs of acres and including the second crop it comes to about 1 crore and 2 lakhs of acres. The increase due to the efforts of the Irrigation Department is about 5 lakhs of acres so that the total acreage under paddy in the year 1940-41 went up to 1 crore and 7 lakhs of acres.

For intensive cultivation, dry lands do not offer much scope as the success of cultivation in these lands depends upon rainfall which is often uncertain and precarious particularly in localities where this sort of cultivation is most important, e.g. Ceded Districts. Further, the methods of cultivation in dry land districts have already reached a fairly high level of efficiency and the only possible improvements that could be suggested are the distribution of improved implements, better yielding seed and proper preservation of cattle manure. Propaganda has already been going on in these directions and seed and implements are always available for sale in agricultural depots and with the approved cultivators and implement manufacturers.

If we think of intensive cultivation, our thoughts naturally turn to wet or irrigated lands, for it is in these lands that we can have control over moisture in the soil. Moisture is the main factor on which the success of agriculture depends and wherever, therefore, there is the possibility of irrigation, the cultivator should be able to raise the crop yield if he only takes the necessary trouble.

The average yield of paddy in our province is estimated at 1,200 lb. per acre. This is low compared with the yield in other paddy growing countries. But the low yield is due to a number of adverse factors which cannot be easily remedied. The following are the factors that affect adversely:

About one-third of the total irrigated area (or acres) is grown with paddy under semi-irrigated conditions for want of sufficient water-supply. Under this system the crop is sown with the help of rains and allowed to grow like any dry crop such as cholam up to a certain period and it is then irrigated and treated as an irrigated crop. The yield obtained from this crop is naturally low. Paddy is essentially a wet crop and gives satisfactory yields only when it is grown as a wet crop from the very start.

The present practice of annual lease is another cause for low yields. The landlord cares very little beyond his annual income and is not interested in the improvement of the land. The tenant in turn is concerned only with extracting as much from the land as possible with little or no application of manure. The result is the deterioration of the land with a fall in its yielding capacity. This evil can be remedied only if the minimum period of lease is extended and the landlord is made to pay a share of expenditure on any improvement effected on the land by the tenant. All this does not, however, appear to be possible without necessary legislation and there is, therefore, no use of discussing this point now at any great length. The only thing that can be done is to induce the cultivators to use better seed and adopt improved methods of cultivation.

The third cause is the necessity for cultivating short duration varieties which are by nature low yielders. These varieties are grown in many localities for want of sufficient water-supply for irrigation. No such varieties are grown in other countries where there is only one season for paddy crop and where only long duration varieties are cultivated. Long duration varieties have a long period of growth and usually give a much heavier yield. In Madras also, wherever long duration varieties are grown, their yields compare quite favourably with those in other countries.

The Department of Agriculture has produced over 70 varieties of improved seed suitable for different soils and seasons all over the province. They yield up to 15% more than local paddy besides being superior in quality; and the seed is within easy reach of every cultivator. These varieties are now grown over an area of more than 20 lakhs of acres or one-fourth of the total paddy area. If the remaining 75% of the area also is planted with these varieties there will be a general

increase of paddy yield by at least 7-8%. These new varieties have also the capacity of responding better to manurial and cultural treatments than local varieties.

The cultivator is unfortunately still in the habit of using a high seed rate per acre which results not only in waste of seed but also in lower yield. The local seed rate in most of the paddy growing areas varies from 50 to over 100 lb. or 20 to 40 Madras measures per acre. The best results are obtained by reducing the seed rate to about 25 lb. or 10 M.M. per acre. This saving in seed rate alone comes to about 2% of the total yield of paddy all over the province.

One other defect in the local method of cultivation of paddy is raising nurseries very thick and transplanting the seedlings in bunches of 10-12 into each hole. The cultivators sow 50-100 lb. of seed in a small plot of 5-6 cents. The result is that the seedlings are unhealthy and undergrown. When these seedlings are planted in bunches they grow slow and also yield low. The best way of raising seedlings is to sow 25 lbs. or 10 M.M. in a 10 cents plot and transplant the seedlings 2-4 per hole at a distance of 4-10 inches depending upon the soil fertility. If the land to be transplanted is fertile, wider spacing is necessary to allow the plant to tiller freely. In poor land close spacing is better.

The most important part of paddy cultivation is manuring and it is very necessary that every cultivator should know why it is so important. Any crop requires for its proper growth and yield of grain, nitrogen, phosphoric acid and potash in large quantities. It requires other substances also such as Calcium, Magnesium, Sulphur, etc., to a small extent; but they are present in such large quantities in the soil that they need not be replaced in the form of manure. A good crop of paddy removes from the soil 48 lb. of Nitrogen equivalent to 600 lb. of ground-nut cake or 2 cwts. of Ammonium sulphate, 23 lb. of Phosphoric acid equivalent to 1 cwt. of bone meal or superphosphate and 43 lb. of potash. This will give an idea of the amount of manurial substances removed by paddy crop each time and it is only a matter of commonsense that unless these substances are returned to the soil in some form or other the yielding capacity of the land goes down year after year. We are, however, lucky that our soils are rich in potash by nature and it is unnecessary to replace it except in Nilgiris where the soils are not so well furnished with this plant food. Thus the only substances that we should return to the soil are nitrogen



and phosphoric acid. But even of these two substances our soils contain a fair amount of Phosphoric acid and it is enough if bone meal or superphosphate is applied at the rate of 1 cwt. per acre to every alternate crop. It should also be understood that bone meal, if applied by itself does not respond well. It gives satisfactory results only when it is used in conjunction with green leaf or any other organic matter.

Nitrogen can be applied in the form of inorganic manure such as oil-cake, dried fish, green leaf, etc. or in the form of inorganic manure like Ammonium Sulphate. But the cheapest of all these is green leaf which the cultivators can grow in their own fields at a very little cost. A good crop of green manure grown in one acre of land is sufficient to manure 2-3 acres. Green manure is grown at present in our province over an acre of about 5 lakhs of acres and it has not been possible to extend it more widely for want of water supply. It does not ask for more than two irrigations, but it is found difficult to find water even for two wettings. Most of the green manure is at present grown by the aid of rains. The cultivator knows the value of green manure and is eager to grow it if water is available. But water is not available. Fortunately now groundnut cake is selling cheap and is not much beyond the reach of many cultivators. Vigorous propaganda was carried on during the past two years with the result that unusually large quantities of this manure were applied to the paddy crop. There is not much use in applying cattle manure to paddy crop. It gives better results when applied to dry crops. But if it is available and the cultivator has no dry land it can be used for paddy crop.

I do not think that I need dwell on cultural operations such as ploughing, weeding, etc., and every cultivator knows these operations. The only suggestion I could make is that there is a good deal of labour-saving if iron ploughs are used in place of country wooden ploughs. The number of ploughs sold during the last year due to the efforts of the Agricultural Department was over 7,000 which is a record figure.

Thus the important factors that contribute to the increase of paddy yield are, sufficient water-supply, high yielding varieties, low seed rate to raise healthy seedlings, transplanting of seedlings not more than 2-4 per hole at proper distance according to the fertility of the soil, use of iron ploughs and application of proper manures. These will raise our present yield, irrespective of the duration of the crop by not less than 25%.

Well, now you will naturally ask me "Yes. We quite understand what all you have said. We are now confronted with the shortage of rice up to 6½ lakhs of tons owing to the stoppage of rice imports from Burma and what are your achievements to fill this gap?" I am glad to be able to tell you that due to the intensive propaganda of the Agricultural Department and the increase of area under paddy cultivation, the yield of rice obtained in 1940-41 was about 6 lakhs of tons more than normal. We had to make up only ½ lakh of tons but imports received that year were greater than this quantity. The results of 1941-42 are not yet known but crop forecasts show that there is a fall in area under paddy crop by a little over 2% but the yield expected is about the same as last year. That is to say, our shortage is about ½ lakh of tons which is more than counter-balanced by the extra yield obtained from 3 lakhs acres of dry land as a result of the decrease in area under groundnut. Thus you find that there will be no shortage of food grains this year. There is also no reason to believe that the cultivators will slacken their effort if they are offered loans for the purchase of manures and seed and the Government are doing everything possible to help the cultivators.





# A Criterion for the Purity of Bromine

By

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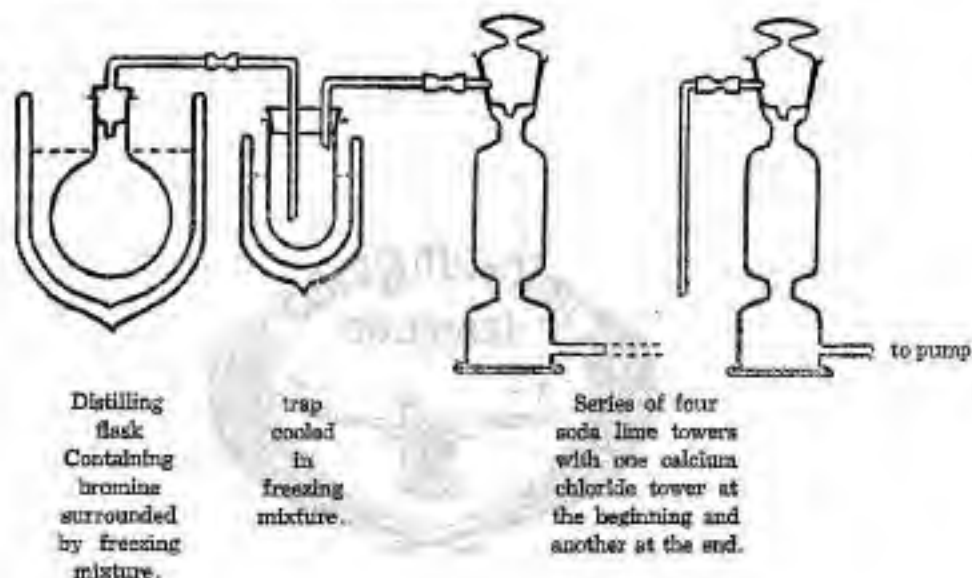
In the course of investigations on the Kinetics of the olefin-bromine reactions, it was found necessary to prepare bromine in a very pure state. Neither "A. R. Bromine" nor "Bromine distilled over sodium" gave satisfactory results and this was traced to the presence primarily of hydrogen bromide and moisture. After eliminating these, the bromine had to be tested for its purity. The reaction kinetic studies indicated that the induction period that is obtained may be used as a convenient criterion since this was highly sensitive to the impurities mentioned. With the same solvent and working at a constant temperature, the induction period for the olefine bromine reaction was found to be the same for any one olefin within the limits of experimental error. This criterion has served in our laboratories as a safe guide in determining the purity of bromine.

## *Experimental*

*Preparation of pure bromine:*—A. R. bromine was shaken with concentrated sulphuric acid (A. R.) and left in contact with the acid for three hours. The process was repeated twice, the bromine being finally kept over concentrated sulphuric acid (A. R.) overnight. The bromine layer was carefully tapped into a clean dry flask and repeatedly frozen and melted, carefully avoiding access of moisture. The fractions melting first and freezing last were eliminated, about 25% being lost thus. The bromine thus obtained was distilled in an all glass apparatus over fused A.R. potassium bromide, large head and tail fractions being rejected. A further 25% was lost in this process. The middle fraction was taken in a distilling flask in a vacuum system frozen in solid carbondioxide and methanol and the pump started. The evacuation was carried on for about 6-10 hours and the residual bromine freed thus from moisture and hydrogen bromide was fractionated the middle fraction alone being

taken. The bromine is stored in clear dry amber coloured bottles in a desiccator.

*Testing for purity:*—A M/30 solution of the bromine in pure glacial acetic acid purified by the method of Orton is allowed to react with M/30 crotonic acid also in acetic acid, in the dark at  $35.5^{\circ}\text{C}$ . An induction period of 24 minutes is invariably obtained.



# A Note on the Orienting Influences in Benzene

By

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The systematic study of substitution in benzene derivatives has brought out in recent years a close correlation between the nature of the substituent and its orienting influence. Hammick and Illingworth<sup>1</sup> have brought out the influence of the position of components of a substituent group on orientation but this generalisation is more or less of an empirical nature. Sutton and coworkers<sup>2</sup>, from an examination of the dipole moments of a series of aliphatic and of aromatic compounds have evolved the orientation rule:

"If  $\mu_{ar}-X-\mu_{aliph}-X$  is positive the compound is ortho para orienting and if the difference is negative, meta orienting". This generalization has been tested in a large number of cases considering for the purpose only reactions with electrophilic reagents. With nucleophilic reagents, the position should be reversed.

Careful investigation has revealed that apart from the position taken up by the new entrant group, a substituent also affects the relative velocity of reaction and the relative proportion of the different isomers formed in the course of the reaction. Ingold and coworkers<sup>3</sup> have demonstrated this for nitrations at ordinary temperatures. Recently, Eyring and Ri<sup>4</sup> have shown that the relative velocity of nitration as well as the proportion of isomers are closely related to the dipole moment of the compounds.

It must be mentioned at the outset that all dipole moment measurements as well as orientation studies have been mostly at ordinary temperatures. Both Sutton's generalization and Eyring's calculations based on the kinetic studies of Ingold on aromatic nitrations hold good generally for ordinary temperatures. For higher temperatures, quantitative data are not available for nitrations, but the limitations of both conclu-

sions are clearly brought out by examining experimental data on other electrophilic reagents. Wibaut and coworkers<sup>7</sup> have examined carefully the chlorination and bromination of halogeno benzenes and have obtained the interesting result that at high temperatures both the halogens become essentially meta orienting.

TABLE I.

Bromination of Bromobenzene and chlorination of chlorobenzene.

Temperature °C	% isomers with Bromobenzene			% isomers with Chlorobenzene		
	ortho	meta	para	ortho	meta	para
400	20	23	57			
450	20.5	54.5	25			
500	20.9	55.7	23.4	21	54	24
585	19.6	58.8	21.6			
600				15	60	24
630	18.9	59.9	21.2			

These results clearly lead to the conclusion that either Sutton's rule based on dipole moment values is untenable at higher temperatures or the dipole moment itself changes at higher temperatures. Eyring (*loc. cit.*) has shown that it is possible to calculate the dipole moment if the relative amounts of the ortho, meta and para disubstitution products are known. The relevant equations that he uses for the purpose are the following:

$$\frac{(\epsilon_p - \epsilon_m) \epsilon_n}{rD} = -kT \ln \frac{2x_p}{x_m} \quad \dots (1)$$

$$\frac{([\epsilon_e] - \epsilon_m) \epsilon_n}{rD} = -kT \ln \frac{x_o}{x_m} \quad \dots (2)$$

$$= \epsilon_e (r_e + r_s) + (\epsilon_i - \epsilon_n) r_i \quad \dots (3)$$

$$\mu_{\text{ali}} = -6e_{\text{ali}}(r_b + r_c) \quad \dots (4)$$

$$(\epsilon_s) = \epsilon_p + \frac{\epsilon_1 - \epsilon_f}{15} = \epsilon_p + \frac{\epsilon_1 - \epsilon_{\text{in}}}{8} \dots (5)$$



$r_b$  = C—C bond distance in aromatic compounds.

$r_c$  = C—x bond distance,

Using these and applying to Wibaut's results, the dipole moment values for bromo benzene and for chlorobenzene are found to be as in Tables II and III below. The available data for chloro benzene are not as accurate as for the bromo compound but the results are none the less striking.

TABLE II

Dipole moment of bromobenzene at different temperatures.

Temperature °C	$\mu$ debyes
Ordinary temperatures	—1.68
400	—1.72
450	—2.18
500	—2.22
555	—2.26
630	—2.29

TABLE III

Dipole moments of Chlorobenzene at high temperatures

Temperature °C	$\mu$ debyes
Ordinary temperatures.	-1.54
500	-2.18
600	-2.21

It is significant that at the high temperatures at which these reactions have been carried out, the calculated values for the aromatic halogen compounds do not differ greatly from the observed values of moments for the corresponding aliphatic compounds at ordinary temperatures of the type chosen by Sutton for his comparisons. Plotting temperature against dipole moment it will be seen that the transition from an aromatic to an aliphatic value is not a gradual one. The change takes place sharply at a temperature which is probably characteristic of the halogen substituent.

Now, when one considers the genesis of the orienting influences in terms of the electronic theories of organic reaction the halogens belong to the group (I+T)<sup>42</sup>, the inductive effect as is well known, is essentially related to the state of polarization of the molecule and as such may be expected to remain constant over range of temperatures in which the molecule is stable; the tautomeric effect, on the other hand, is essentially a polarizability factor and as such temperature dependent. Where a group influence depends on both these factors or on the T effect alone, it is reasonable to expect that the dipole moment varies with temperature and with this assumption, Sutton's rule becomes generally applicable.

In interpreting the influence of temperature on the nuclear reactivity of the halogenobenzenes, two factors have to be borne in mind. A rise in temperature results in a general increase in the activity of all three positions, ortho, meta and para. Using a two dimensional formula, the proportion of molecules for which the kinetic energy is greater than

the energy of activation  $E$  is given by  $e^{-E/RT}$ . An examination of Table IV shows the rapid rate at which this increase takes place :

TABLE IV

$E(\text{kilocalories})$	$\frac{e^{-E/RT}}{100} (T=27^\circ\text{C})$	$\frac{e^{-E/RT}}{100} (T=427^\circ\text{C})$	Ratio of second and third column.
30 <sup>3</sup>	ca $10^{-21}$	ca $10^{-8}$	$10^{13}$
20	$9.0 \times 10^{-16}$	$6.4 \times 10^{-5}$	$10^{11}$
17.5	$2.2 \times 10^{-11}$	$3.8 \times 10^{-4}$	$10^7$
15	$1.4 \times 10^{-9}$	$2.3 \times 10^{-3}$	$10^6$
12.5	$9.5 \times 10^{-6}$	$1.4 \times 10^{-2}$	$10^5$
10	$6.5 \times 10^{-5}$	$8.0 \times 10^{-2}$	$10^3$

For the reactions under consideration, however, no values of  $E$  are available but a close correlation though of a qualitative nature may be obtained by comparison with the additive reactivity of ethylene derivatives. Groups which activate benzene substitution are known to activate addition of bromine to the ethylenic linkage if one considers electrophilic reagents. For the addition reaction, the influence of an activating group leads to a diminution of the energy of activation<sup>1</sup> and the converse may be reasonably be expected for a deactivating group. Sherman<sup>2</sup> has calculated the energy of activation for the ethylene bromine reaction to be 20.0 kilocalories and in the case of vinyl chloride and bromide this value is likely to be exceeded. For the substitution reactions of the type specified earlier, with chloro and bromo benzenes, an energy of activation of the same order of magnitude may be expected. Also, since the position that is most deactivated is meta to the halogen atom, substitution here may be expected to involve a higher energy of activation than in other positions and the influence of temperature arising from increased collisions and thermal activation will be most noticeable.

Though this large increase in the number of activated molecules may account for some increased substitution, this by itself cannot explain the apparent reversal in the behaviour of halogen in orientations. Considering the nature of the T effect, one has to conclude that in the region of transition, it ceases to be operative and the inductive effect leads to meta orientation. Before a proper explanation of this abnormality can be given



further data on other reactions and also the behaviour of other properties of the C—X link depending on polarizability with higher temperatures is necessary.

Other orientation rules not having a physical basis can be expected to hold good only to a limited extent and it is not surprising that they all fail in the present instance.

### Summary

The electronic theory of benzene substitution has been given a physical basis recently and has been correlated with dipole moments. Experimental results at high temperature above 400°C require that either existing generalizations are not valid or dipole moments should vary with temperature in the case of some classes of compounds. An extension of Eyring's calculations shows that the latter is probably true.

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# Our Musical Heritage

By

M. L. SITARAMAN,

## Part I

The music of the *Yajur Veda* has been handed down to us through posterity intact, without embellishments and without mutilations, by careful processes of faithful repetition. Clements<sup>5</sup> gives the considered opinion according to Ethel Rosenthal<sup>12a</sup> that "Indian music has probably undergone less change than any other during the past 2000 years." The chant is a monotonous tritone very carefully camouflaged from the earliest times. This trichord, as it may be styled in modern parlance, taken, usually two notes at a time has been sought to be interpreted for us by earliest Sanskritic, Buddhistic, Jain and Tamil scholars and by Bhashyakaras including Sri Sankara, Sri Ramānuja and Sri Mādhva Acāriās. Seshagiri Sastri's<sup>16</sup> most recent interpretation is quoted in N. S. Ramachandran's<sup>17a</sup> research thesis.

It is not surprising as to how this simple *Yajur Veda* chant has, however, eluded rigorous analysis till now. It is well known that the mode of a group of notes comprising either a diapason or tetra chord could easily be identified. The trichord is relatively more difficult to analyse. We have also found that the trichord does not commence from the C Major. *Yajur Veda* chant commences from the B minor (Bb) and stops with the D minor (Db). Thus we can say that the religious music of the whole of the *Yajur* and *Atharva Vedas* can be described as the simplest but at the same time very perplexing, truncated raga in the key of the B minor (Bb).

Firstly nobody has up to the present measured the exact frequencies or the frequency ratios of the three notes. Measurement of frequencies of European musical scales has evolved a standard scale viz., the major diatonic scale or our Sankarāharana<sup>15a</sup> and at least two chromatic scales<sup>8a</sup> which, however, are not standard since they are not acceptable either to acousticians or to our Indian musicians. The first scientific Indian

musician was the late A. M. Chinnaswamy Mudaliar<sup>4</sup> of the Madras Secretariat who in 1893 sought to extend European staff notation to the sacred songs of Sri Thilagajaya Ayyah in Telugu and to the sacred songs of Gopalakrishna Bhareathi and of Vedanayagam Pillai in Tamil. I consider him as a genius since he was the first to anticipate the later theories of Sabesa Iyer<sup>14</sup>, P. Sambamoorthi<sup>15b</sup> and C. Subrahmanya Iyer<sup>17</sup>, that the European major diatonic scale or diapason, was our *Sankarabharana* or a slight variation of the 29th *melakarta* of Venkatamakhin. Though Mr. Mudaliar opined correctly that our *Todi* derived from *Hanumatodi* the eighth *melakarta*, took the D, E, A and B notes flat, he was unfortunately in error with regard to the frequencies and their frequency ratios. The rational numbers representing frequency ratios are called musical intervals. However, our measurement of frequencies for Indian ragas with improved technique though differing from Chinnaswamy Mudaliar's values, do not detract in the least from the boldness and originality of his views or the validity of his mode of reasoning. Another remarkable musician who sought to interpret our Indian and Carnatic musical scales is A. H. Fox Strangways<sup>7a</sup>, who, I understand, was a leader of an orchestra in England. In his book "The Music of Hindostan" published in 1914 after touring India, he refers to A. M. Chinnaswamy Mudaliar's book<sup>7b</sup>. Ethel Rosenthal<sup>13b</sup> in her book, quotes very freely from the same source.

The first All-India Music Conference was held in Baroda in 1916<sup>13c</sup>, under the patronage of the late Gaekwar of Baroda and considerable spade work in the classification of our ragas and modes has been done from 1928 to 1942. However, no exact measurement of frequencies for our Indian and Carnatic modes seem to have been undertaken, though in the vast amount of literature about Indian music, published in our press from 1928 and especially from 1937, by Swami Vipulanandaji<sup>19</sup>, Mahamahopadhyaya U. V. Swaminatha Iyer, P. Sambamoorthi<sup>15c</sup>, C. Subrahmanya Iyer<sup>17i</sup>, N. S. Ramachandran<sup>12b</sup>, Ramachandra Dikshitar<sup>11</sup>, S. Subrahmanya Sāstri<sup>18a</sup> and others, a relationship to the works of A. M. Chinnaswamy Mudaliar and A. H. F. Strangways can be established. For example, C. Subrahmanya Iyer and Sambamoorthi Iyer have tacitly accepted the theory of Fox Strangways with regard to Indian musical intervals and both (15 and 17 i & ii) quote A. H. F. Strangways to prove the validity of their deductions.

Coming to the second point as to how such a simple trichord in *Todi* could be so effectively coded, so as to escape detection, we must point

out that a musician whether vocalist or instrumentalist has till now been an artiste or artist only, and not a physicist or an acoustician. The Indian musicians, one and all of them, have learnt music only by the characteristically oriental processes of faithful repetition (*Santhai* and *Tiruvai*). In a recently published article in the *Times of India Weekly*, Bombay, it was pointed out by an unknown author<sup>5</sup> that *Yukar*, the Veda of an aboriginal race, Ainus of Japan has been handed down for ages (2000 years) by processes very akin to the Indian processes of *Santhai* and *Tiruvai*. It seems that "to chant *Yukar* in its entirety requires several weeks" and that the Ainus or Ainu<sup>6</sup> a tall and stalwart race "flat faced, copper coloured and hairy but of distinctly Aryan origin" have not cared to read or write. Also we have now in our midst two old vocalists, Mr. Lakshmana Pillai of Trivandrum and Mr. M. S. Ramaswamy Iyer of Madura. It is remarkable that both men at their old age have still preserved their carefully cultivated voice. Lakshmana Pillai teaches at present the modern *kritis* and *kirtanas* in our University by these same processes of faithful repetition and rehearsals.

To clinch a theory the modern scientist relies upon experiment and reproducibility of result. Also Dirac, a great Mathematician has pointed out that the scope of Physics is to take measurements. Physics has mainly relied upon ocular evidence and measurements for its progress. "What we can see, we can measure" has been its fundamental principle. It was Helmholtz<sup>8</sup> in his classical book "On sensations of tone," who showed for the first time in Europe that physicists or acousticians can measure what is spoken or what we can hear. The fact that in preserving our Vedas and music, experiments, measurement and reproducibility of result have been the criteria of our forefathers, makes our heritage all the more precious for us. We can understand the loss of monetary heritage of an individual or of a nation but not the loss of the superb intellectual and artistic heritage of a nation, as ours is, based as they have been on the solid experimental foundations such as *Veena* or the *Yal* and upon faithful and almost religious rehearsals.

Clements<sup>9</sup> studied theoretically the chant of the *Yajur* and *Sama Vedas* and musicians like Haug<sup>10</sup> and A. H. Fox Strangways<sup>7</sup> also have studied them in India itself. For example, Strangways quotes Haug and Macdonell<sup>11</sup> in his book and also a sloka from the first chapter of the *Atharva Veda* beginning with "*Sam no de vir abista ye etc.*" Strangways agrees with the views of Clements and Haug but differs only

slightly from the *Mīmamsā* of Macdonell, in the elucidation of the grace notes viz., *Udāttam*, *Svaritam*, *Anudāttam* and *Prachayam*, which are derivable from a tritone chant. However, it must be pointed out to the credit of these European scholars that they correctly recognised the *Yajur Veda* chant as a simple tritone melody. To Indian scholars on the other hand, these four grace notes have till now been a moot problem<sup>12c</sup>. Also, the European scholars have concentrated their attention more upon *Sāma Veda* which according to them takes more notes of a diapasen and therefore is relatively more easy to tackle. A. H. F. Strangways comes to the conclusion that the tune of *Sāma Veda* should be related to *Abōgi*, a raga in turn derived from *Karaharapria mela*. He quotes the views of Seshagiri Sastri<sup>16</sup> of Mysore in this connection. P. Sambamoorthi, who I understand has had discussions with T. S. Sabesa Iyer<sup>14</sup> ex-principal of our Music College, opines that the music of the *Sāma Veda* is related to *Karaharapria*, the 22nd *mela* of Govinda Dikshitar and Venkatamakhin<sup>14a</sup>. We must mention here that this moot point about the tune has not been elucidated or cleared up, but only made more vague. *Abogi* is a definite mode or raga whereas *Karaharapria* is a *melakarta* raga and includes many allied ragas, which could be derived from it by a modal shift of tonic. I am not at present interested in *Sāma Veda* sufficiently, to suggest a precise theory with regard to its mode. I have not learnt even a chapter of the *Sāma Veda* as I have done in *Yajur Veda*. I think, however, that the *melakarta* cannot be *Karaharapria* but more allied to the *mela Hanumatōdi* or *Gana Sāma Varāli*.<sup>14c</sup> I hope to learn *Sāma Veda* vocally and to reproduce the melody in the monochord, an improvised siren and in the *Veena* before clinching the issue of its *mela*.

For the second time after thirty years I practised to chant *Purushasukta*, learning it through our well-known methods of *Santkai* and *Tiruvai*. The correctness of the acquired knowledge was checked on different occasions and at different places in India. Yet I have been as much puzzled as these scholars by the extreme difficulty in putting such a simple melody to tune. Accidentally, I found that if the chant is rendered devoid of words as when it is sung in *alaphana* fashion or when it is taken on the whistle, the musical aspect becomes more prominent and the chant relatively easier to decipher. For example, Nicholson and Koch<sup>10</sup> in their book on "Bird Music" have supplied two gramophone records of European bird-music. In one of these on the same side is recorded the music of the wonderful vocalist among birds, viz.,

the nightingale and the monotonous and apparently simple music of the cuckoo. The name of the latter bird is related to its two tone, monotonous music which, however, in our opinion has not been put in European staff notation for the simple reason that it is not a commonly recognised European musical interval. The musical interval in this dischord has been established by us to be an ancient Indian musical interval *viz.*,  $7/6$ , by synchronising it on the whistle and reproducing it exactly with a improvised siren. This is the interval between *Shadja* (*Mandara*) and *Sadhārana Ghāndāra* or between *Panchama* and *Kaisiki Nishada*. Helmholtz<sup>3b</sup> in his treatise on "Sensations of tone" had worked up the acoustics of what he called the 16 upper partial tones or overtones of the tensed vibrating string. This ratio  $7/6$  works out as the musical interval between the 7th and 6th upper partials or between the 14th and 12th upper partials or overtones, but not however recognised by European musicians. Thus Banister's music,<sup>3a</sup> a classical work on European music quoting Helmholtz's work points out that musicians have flouted acoustics in a sort of way and consonance deliberately, by taking six out of the eight notes of the octave or group, flatter or sharper for the simpler melodies of their relative scales.

Let us consider Haug's rendering of 'Sam no devir abṣe ye etc., (page 247, exercise 340 in "Music of Hindostan" by A. H. F. Strangways).

(EXAMPLE FROM) HAUG.

EX. 340.

Sam no . . de . . na . . e - lli - sic . . sa . . a - ho . . etc.

E F E D C B A G F E D C B A

160, 170.6 144, etc.,

Notes in European notation  
vibration frequencies  
Added by author.

(OUR RENDERING)  
GENERAL PRAYER Atharva Veda  
STYLE OF EXECUTION. GRAVE

CHANT, STYLE YAJUR VEDA  
without waver

MELA Hanumatrōdi.  
RAGA Purnaga Varāli.  
CHANT Tritone melody in  
the relative scale of Bb  
Bb=126 vibration frequencies.  
TALA. Common time: Adī.



## EX. 1.

Notes in European notation  
Steady Notes, vibration frequencies

It is to be seen that "in the Poona form of rendering taken down by Haug from the lips of Marāta Brahmins" the notes of the tritone are in minims or crotchets, dotted or otherwise; but are without the signs for sharps or flats. Even a cursory inspection tells us that the notes belong to the major diatonic scale commencing from E (*Antara ghāṇ-dhāra*) in the F clef or bass register. Using modern standardized frequency for the tonic, C the fundamental note will have a frequency (pitch value) of 128. E, F, E, D, the notes used in Ex. 340 will then have the following frequencies and musical intervals.

Notes and Musical Intervals.	E	$2\frac{1}{16}$	F	$1\frac{1}{16}$	E	$2\frac{1}{16}$	D
Vibration Frequencies.	160		170-6		180		144.

Remembering that *Udātta*<sup>1</sup> (high, elevated, lofty) stands for tonic frequency or *śadja*, the tonic frequency should have a pitch value of 144. *Anudātta*<sup>2a</sup> has been defined by Pāṇini (6th century B.C.) the grammarian as a "grave accent which immediately precedes the *Udātta*" etc. So, *Anudātta*, as its name implies must connote a lower frequency. Now if the frequencies indicated by Haug are however, exactly reproduced on instruments like Savart wheels, siren, piano, veena or violin they will be seen to belong to quite a different raga, viz., *Saukārī-bhāra* and not to the characteristic chant of *Yajur Veda*. However, if Bb, C, Db in Tōḍi are taken with the vibration frequency of 144=C the tonic, the mode, of course, becomes different from Haug's representation but the chant is exactly reproduced.

We give (vide Ex. I Supra) our rendering of the first verse in *Atharva Veda*. The Poona version was recited by Marāta Brahmins



nearly 70 years ago. It is interesting to note that the orthodox Brahmins of the last century chose this relatively general prayer which could be chanted by any Hindu instead of a genuine specimen from their Vedic philosophy. Reciting a hymn from the other three Vedas, to an European like Haug or Clements would have been in their view a sacrilege. European scholars must have been puzzled by the simplicity of these orthodox Brahmins of the last century. This prayer also occurs in the Brahmin's daily *Madhyānika karma* and an orthodox Brahmin is supposed to chant daily at noon this prayer asking his (Devas or powerful ancestors) to give the world and himself pure water in plenty. Also vide the prayer to Varuna: *Imam Me Varuna Sruti Havam* etc., given below.

## EX. 2.



Here  $\delta$  or Bb (*Keisiki Nishada*),  $so$  or, C (the tonic frequency) and  $\sharp$  or Db (*Sudda Rishaba*) will have respectively 126, 144 and 156 vibration frequencies. Also *Udātta*m and *Anudātta*m become standard frequencies or steady notes representing 144 and 126 vibrations respectively. *Prachayam* becomes a sort of *appoggiatura* or an *Arohana* from *Anudātta*m to *Udātta*m. *Svaritham* which follows *Udātta*m becomes firstly an *Arohana* to Db secondly, a fall or cadence generally to *Udātta*m and to *Anudātta*m in certain cases. Thus *Prachayam* and *Svaritham* may be looked upon broadly as grace notes proper or *Gamaka* notes and *Svaritham* particularly does also have a steady vibration frequency of 156 with a frequency ratio of 13/12 from the tonic. Sometimes *Svaritham* in Rig Veda has a quaver rest but usually the note is lengthened at Db as a dotted crotchet. This interpretation is also in accordance with our theory of whole number of vibration frequencies<sup>2a</sup>. It is well known and it can also be shown, that fractional frequencies as 138.6 though understandable, cannot be realised in practice. Our example from *Brahmayagyam* given above has been proved also by experiment with three beakers filled partially with water and tuned to the octaves of the three notes.

I have taken care to steer clear of recent polemical literature by not attempting to enter into the interpretations of the *Yajur Veda*. However, the first 72 verses alone of *Yajur Veda Purushasukta*, belong to *Rig Veda* and are chanted in temple worship for propitiating the deity. A. H. F. Strangways opines that *Yajur* and *Sama Vedas* are musical developments of the *Rig Veda* and that the accent of the simple *Rig Veda* "was originally a mark of musical pitch and became a mark of stress," with *Rig Vedins* only after the beginning of our era. I entirely concur with this profound view of Strangways since I have had opportunity to hear *Rig Veda* recited in many places and also at Trichūr where most of the Nambūdris are *Rig Vedic Brahmins*. Sri Vāni Vilās Press at Srirangam has recently published "*Rig Veda Purushasukta*" alone as a small booklet of four pages costing about two annas. That *Yajur* is a musical development of the *Rig Veda* can be shown from purely internal evidence from this booklet. Thus the 5th verse (*Purusha ye vedam sarvam*) becomes in *Yajur Veda* "*Purusha ye vedagum sarvam*," the 10th verse "*Athojayamschapurūshaha*" is rendered as "*Athojayam gischa purūshaha*." Also, "*ritham satyam*" is rendered as *Rithagum satyam* etc., to suit the exigencies of rhythm.

I must not forget to mention that rigorous acoustical evidence has been adduced to show that *Hanumatōdi* is a symmetrical raga and that it is a natural scale with consonant musical intervals<sup>2</sup>. Though the partials above the 12th in the string instrument or the human voice, are extremely feeble and almost inaudible, the tones corresponding to these musical intervals are however present in the music of many birds and animals. Frequency ratios such as 8/7, 13/12, 14/13 etc., are thus consonant intervals since they are of the form  $\frac{n+1}{n}$  where  $n$  can have

any integral values<sup>3a</sup> from 1 to 15. Also 8/7 interval of 58 savarts is more nearly double the so-called semi tone interval=28 Savarts than 9/8=51.1 Savarts. It is not a moot point to say that upper partial tones above the 4th or 8th cannot be heard even by the best musically trained ear. However, these over tones with their Helmholtzian musical intervals can be reduced within the octave, that is, reproduced within a musical group, especially with our mobile instruments like the *Veena* or the European violin. We can style the Indian musical intervals, therefore, as ancient harmonic musical intervals and our music as the ancient natural harmonic scales. Karnatic music of *Tōdi* which is

relatively recent and about 700 years old, has in practice sharpened Eb and Bb notes by the maximum of one beat in Arohana and flattened by the same amount in Avarohana, to relieve the monotony of an otherwise perfectly consonant musical scale<sup>20c</sup>.

In another article it will be shown as to how at least 48 *melas* out of Venkatamakhin's 72 *melakartas* could be derived from 2 *melakartas* alone viz., Hanumatōḍi (a symmetrical raga) and Sankarabharana (an unsymmetrical raga)<sup>2</sup>. P. Sambamoorthi<sup>15</sup> and Ramachandra Dikshitar<sup>11</sup> opine from historical evidence of early trade between the south of India and Greece, that about the age of Silappadikaram our Sankarabharana became the later Grecian consonant scale. In our opinion the so-called enharmonic scales<sup>20</sup> (Encyclopaedia Britannica) probably connote the oldest Greek music rather than our consonant Indian scales. Then, if Sankarabharana may be considered as a musical product of ancient Tamilian civilization, given first to Greece and later developed according to Banister<sup>3b</sup>, after the 10th century in Europe, we may infer with truth that Tōḍi is a product of probably an equally, if not more, ancient Samskritie civilization. Also the existence of harmonious and harmonic melodies from about the time of Bharata (5th century) till the time of Sarangadeva (13th century) must point out to only one conclusion viz., that the fusion of these two great cultures must have taken place long before the time of Bharatā the author of *Nāṭya Śāstra*. We need not trouble ourselves much about the age of Yajur and Sama Vedas so long as there is internal evidence available to show that these Vedas may be considerably more ancient than the Mahābhārata and the Rāmāyana. Griffith's translation of *Sama Veda* (1893) gives us an insight into a remarkably and scientifically developed civilization of a period earlier than the literary period of our myths and legends, when the people of the epoch asked of Indra and Agni just the full span of 100 years of life, prosperity to their cattle and rain for their crops. If asked to suggest an age for our Vedas I could unhesitatingly put it at a period when there were no castes, when there were no invidious distinctions as whitemen, blackmen, copper coloured men or yellow men but when there were only sages or *Rishis*, people, cattle, birds and primeval forests. If asked to be less vague and more precise, I would put the age of our glorious past at an epoch when the most vital process of deliberately producing fire by friction was practised and demonstrated for the whole world in their *Samayogas* by these ancient *Rishis*.

Personally, though unable to fix the age of our civilization definitely, I would gladly concur with a sympathetic historian who is able to give us a date earlier than the ancient Egyptian or Sumerian civilization.

### SUMMARY

Indian musical intervals have been shown to have a scientific basis. *Yajur Veda* chant has been found to be an independent ancient, natural, musical scale and unrelated to the other ancient Tamilian scale, viz., *Sankevaravarana* or the major diatonic scale. Both scales seem to be closely connected with bird and animal music with perfect harmonic intervals.

Modern European modes and Indian (northern Indian and Karnatic) ragas take only six or lesser number of notes excluding the tonic and the octave. Modern music may be looked upon as developments of the two distinct natural scales, in the sense that at least two notes of any raga or diapason are taken in Gamaka. Gamaka notes may be defined as either sharpened or flattened tones with a maximum difference of one beat from the consonant intervals. In European music the canons are entirely different; the Gregorian or Plagal system generate the chromatic scale by the fourths and Hauptmann's system by the fifths. Tempering of the scales by European musicians, in these and other ways, had not, however, found favour with acousticians. Horace Lamb<sup>200</sup>, for example, says about the so-called tempering of the musical scale as "Tampering" with it.

In conclusion, we must point out that that we owe a deep debt of gratitude, on two counts, to our ancient civilizations; firstly for our glorious and scientific musical heritage; secondly for the fusion of two great cultures, viz., Tamilian and Sanskritic civilizations which must have taken place in India at a very early epoch. That there could not have been any unhealthy repercussions or any clash between these two cultures, is also evident. Sir S. Radhakrishnan addressing women students recently in Bombay (February 1942) pointed out that oriental civilizations knew at all times how to adapt themselves to environments since their democracies were not so much based on mere forms or conventions, fear or jealousy but had deep roots in the two universal principles of "live and let live" and love of humanity.

In Part II we propose to put *Yajur Veda Purushasukta* in European staff notation.

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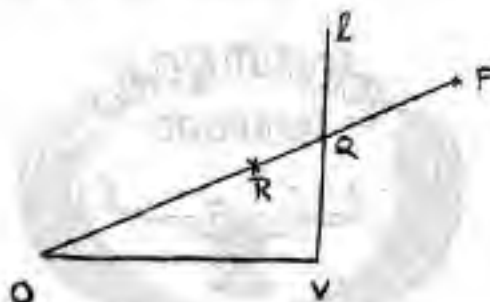
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ii. P. Sambamoorthy Iyer (15), pp. 59-61;  
with iii. A. H. F. Strangways (7), p. 117, 'Music of Hindostan' (1914).
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# On a Projective Transformation

By

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1. The focal properties of conics are usually studied by means of projections involving the circular points and the circular lines. This paper is mainly an attempt to study those properties by a simpler projective transformation in a single plane. The transformation is then extended to spaces of higher dimensions.



Let  $O$  be a given point and  $l$  a given line. Take any point  $P$  in the plane determined by the point  $O$  and the line  $l$ . Let  $OP$  intersect  $l$  in  $Q$  and let  $R$  be the harmonic conjugate of  $P$  with respect to  $O$  and  $Q$ .

If  $P$  moves along a curve  $C$ ,  $R$  will move along a curve  $\Gamma$  which we shall call the 'transform' of  $C$ .

As an immediate consequence of the definition of the transformation we have.

**Theorem 1.** All straight lines through  $O$  transform into themselves.

Let  $V$  be the foot of the perpendicular from  $O$  on  $l$ . Then since  $P, R$  divide  $OQ$  harmonically, it follows that  $l$  bisects the angle  $PVR$ . Hence we have



**Theorem 2.** A straight line through V transforms into its reflection about the line l.

As a corollary to the above theorems we get

**Theorem 3.** The transformation preserves the angles at O in magnitude and sign and the angles at V in magnitude but changes the sign.

It is clear that the transform of any point on the perpendicular bisector of OV is at infinity; conversely, the transform of any point on the line at infinity lies on the perpendicular bisector of OV. Therefore we get

**Theorem 4.** The perpendicular bisector of OV transforms into the line at infinity; and conversely, the line at infinity transforms into the perpendicular bisector of OV.

2. Next we shall discuss the equations of the transformation. Taking O as origin and OV as the initial line, we have, if  $(r, \theta)$ ,  $(r', \theta)$  be the points P and R respectively and  $OV=2c$ , then

$$\frac{1}{r} + \frac{1}{r'} = \frac{2}{OQ} = \frac{\cos \theta}{c} \quad \therefore (1)$$

If  $(x, y)$ ,  $(x', y')$  be the cartesian coordinates of P, R respectively, then dividing both sides of (1) by  $\cos \theta$  and  $\sin \theta$  respectively, we get

$$\frac{1}{x} + \frac{1}{x'} = \frac{1}{c} \text{ and } \frac{1}{y} + \frac{1}{y'} = \frac{x}{cy} = \frac{x'}{cy'};$$

so that

$$\left. \begin{aligned} x &= \frac{cx'}{x' - c}, \quad y = \frac{cy'}{x' - c}; \\ x' &= \frac{cx}{x - c}, \quad y' = \frac{cy}{x - c} \end{aligned} \right\} \quad \therefore (2)$$



Hence we have the

*Theorem 5.* The transformation is projective, so that the transformation of an algebraic curve of the  $n^{\text{th}}$  degree is a curve of the same degree. In particular, straight lines transform into straight lines and conics into conics.

Also, from (1) we have

$$\frac{r'}{r} = \frac{x' - c}{c} = \frac{c}{x - c} \quad \dots (3)$$

Let the transforms of the points  $P_i (x_i, y_i)$  be  $P'_i (x'_i, y'_i)$  ( $i=1, 2, 3$ ) and let the radii vectors  $OP_i, OP'_i$  be denoted by  $r_i, r'_i$  respectively.

If, further,  $\Delta, \Delta'$  denote the areas of the triangles  $P_1P_2P_3, P'_1P'_2P'_3$  respectively, then

$$\begin{aligned} \Delta' &= \frac{1}{2} \begin{vmatrix} x'_1 & y'_1 & 1 \\ x'_2 & y'_2 & 1 \\ x'_3 & y'_3 & 1 \end{vmatrix} \\ &= \frac{1}{2} \begin{vmatrix} \frac{cx_1}{x_1 - c} & \frac{cy_1}{x_1 - c} & 1 \\ \frac{cx_2}{x_2 - c} & \frac{cy_2}{x_2 - c} & 1 \\ \frac{cx_3}{x_3 - c} & \frac{cy_3}{x_3 - c} & 1 \end{vmatrix} = \frac{1}{2 \left| \frac{c}{x_1 - c} \right|} \begin{vmatrix} cx_1 & cy_1 & x_1 - c \\ cx_2 & cy_2 & x_2 - c \\ cx_3 & cy_3 & x_3 - c \end{vmatrix} \\ &= \frac{-c^3 \Delta}{\left| \frac{c}{x_1 - c} \right| (x_1 - c)} = -\frac{r'_1 r'_2 r'_3}{r_1 r_2 r_3} \Delta \text{ [by (3)]} . \end{aligned}$$

Thus we get

**Theorem 6.** If  $P_1, P_2, P_3$  be three points with transforms  $P'_1, P'_2, P'_3$  respectively, and  $\Delta, \Delta'$  be the areas of the triangles  $P_1P_2P_3$  and  $P'_1P'_2P'_3$  respectively, then

$$\frac{\Delta'}{OP'_1 \cdot OP'_2 \cdot OP'_3} + \frac{\Delta}{OP_1 \cdot OP_2 \cdot OP_3} = 0.$$

Consider a circle with centre  $O$  and radius  $a$ . Putting  $r=a$  in (1) we see that its transform is the conic

$$\frac{a}{r'} = \frac{a}{c} \cos \theta - 1,$$

having  $O$  as a focus, the initial line as the transverse axis and whose semi latus rectum is  $a$  and the distance of the directrix from the focus is  $c$ . Hence we get the

**Theorem 7.** Circles with centre at  $O$  transform into conics with a focus at  $O$  and the corresponding directrix common, the semi latera recta being equal to the radii of the corresponding circles. Conversely, a system of conics having a focus and the corresponding directrix common, can be transformed into concentric circles by a proper choice of  $O$  and the line  $L$ .

3. A number of interesting deductions can immediately be made. We give a few as illustrations.

Since the chords of a circle subtending a constant angle at the centre envelop a concentric circle, the point of contact of a chord with the envelope being on the bisector of the angle subtended by the chord at the centre, we get on transformation (using Theorem 3) the

**Theorem 8.** Chords of a conic subtending a constant angle at a focus envelop a conic having that focus and the corresponding directrix common with the given conic. Further, the point of contact of a chord

with the envelope lies on the bisector of the angle subtended by the chord at the focus.

If a polygon be inscribed in a circle and circumscribed to a concentric circle, then the sides of the polygon subtend a constant angle at the common centre. Correspondingly we have the

*Theorem 9.* If a polygon be inscribed in a conic and circumscribed to another having one focus and the corresponding directrix Common with the former then the sides of the polygon subtend a constant angle at the common focus.

Moreover, the necessary and sufficient condition that a polygon of  $n$  sides be circumscribed to a circle of radius  $a$  and inscribed in a concentric circle of radius  $b$  is

$$a = b \cos \frac{\pi}{n}$$

Therefore we have

*Theorem 10.* The necessary and sufficient condition that a polygon of  $n$  sides may be circumscribed to a conic of semi-latus rectum  $a$  and inscribed in another conic having one focus and the corresponding directrix common with the former and whose semi-latus rectum is  $b$  is

$$a = b \cos \frac{\pi}{n}$$

If in theorem 6 we take  $P_1, P_2, P_3$  on a circle with centre  $O$  and radius  $a$ , the area of the triangle  $P_1P_2P_3$  will remain constant if the sides subtend constant angles at the centre. Hence we immediately deduce

*Theorem 11.* If  $P_1, P_2, P_3$  be three points on a conic such that the sides of the triangle  $P_1P_2P_3$  subtend constant angles at a focus,  $O$ , and if  $\Delta$  denotes the area of the triangle  $P_1P_2P_3$ , then

$$\frac{\Delta}{OP_1 \cdot OP_2 \cdot OP_3} \text{ is constant.}$$

Since the maximum triangle inscribed in the circle is equilateral, it follows that the maximum value of  $\frac{\Delta}{OP_1 \cdot OP_2 \cdot OP_3}$  is attained when the sides

of the triangle subtend the same angle at  $O$ , and is then equal to  $\frac{3\sqrt{3}}{4a}$  where  $a$  is the semilatus rectum.

A circle with centre at the midpoint of  $OV$  has its equation in the form

$$(x - c)^2 + y^2 = a^2.$$

This by (2) transforms into

$$\left( \frac{cx'}{x' - c} - c \right)^2 + \left( \frac{cy'}{x' - c} \right)^2 = a^2$$

i.e., into the hyperbola

$$\frac{(x' - c)^2}{c^2/a^2} - \frac{y'^2}{c^2} = 1, \quad (4)$$

which has the midpoint of  $OV$  as its centre, the semilatus rectum and the conjugate axis equal to  $a$  and  $c$  respectively, and the  $x$ -axis for the transverse axis. Thus we get

**Theorem 12.** Circles having a common centre can be transformed into concentric hyperbolas whose conjugate axes coincide and are equal in length, and whose latera recta are equal to the radii of the corresponding circles. [We have only to choose  $O, V$  such that the common centre is the midpoint of  $OV$ .]

The converse is also true.

Since  $O, V$  are fixed points for all hyperbolas of the system (4) being the points where the circle, concentric with the hyperbolas and

having its radius equal to the common semi-conjugate axis, meet the transverse axis, it is clear that we can obtain from theorem 12, theorems analogous to theorems 8, 9 and 10. The actual statement of the theorems is left to the reader.

It may be remarked here that circles having centre at  $V$  transform into conics having a focus at  $V$  and the corresponding directrix common, the semi latus recta being equal to the radii of the corresponding circles.

4. The method of transformation given above can easily be extended to spaces of higher dimensions. For the transformation in  $n$  dimensions we have simply to replace the line  $l$  by an  $(n-1)$ -flat. If  $2c$  be the distance of the  $(n-1)$ -flat from the origin  $O$  it follows, exactly as in the case of two dimensions, that the relation connecting  $OP$  and  $OP'$  is

$$\frac{1}{r} + \frac{1}{r'} = \frac{\cos \theta}{c}. \quad \dots (5)$$

If we take  $OV$  as the  $x_1$ -axis we get the following transformation scheme in cartesian coordinates.

$$x_1 = \frac{cx'_1}{x'_1 - c}$$

$$x'_i = \frac{cx_i}{x_i - c} \quad (i = 1, 2, \dots, n) \quad \dots (6)$$

The content  $\Delta$  of an  $(n+1)$ -simplex formed by the points  $P_r (x_{r1}, x_{r2}, \dots, x_{rn})$  ( $r = 1, 2, \dots, n+1$ ) being

$$\frac{1}{n!} \times \begin{vmatrix} x_{11} & x_{12} & \dots & x_{1n} & 1 \\ x_{21} & x_{22} & \dots & x_{2n} & 1 \\ \dots & \dots & \dots & \dots & \dots \\ x_{n+1,1} & x_{n+1,2} & \dots & x_{n+1,n} & 1 \end{vmatrix}$$

we have, if  $\Delta'$  denotes the content of the transformed simplex, analogous to theorem 6, the

*Theorem 13*

$$\frac{\Delta}{OP_1 \cdot OP_2 \cdot \dots \cdot OP_{n+1}} + \frac{\Delta'}{OP'_1 \cdot OP'_2 \cdot \dots \cdot OP'_{n+1}} = 0.$$

We can also write down without difficulty the analogues of the other theorems.



# The Indian States and the Paramount Power

By

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The problem of the Indian States is as old as Indian history. We find 'Samantas' or local rulers in the Old Hindu Empires occupying a position more or less analogous to that of the princes of modern India. These local rulers became practically independent sovereigns with the decline of the Mughal empire, and their allegiance to the Delhi throne was only very nominal. When the English established their first trading settlements in India, they found these rulers *de-facto* sovereigns in their own states. But the different circumstances that led to the establishment of British power strongly influenced the fortunes of these princes also: the problem of Indian states as we find it to-day is essentially the result of these circumstances.

The East India Company was purely a trading corporation during the first century and a half of its existence. The charter of the crown had no doubt authorised the company to wage war with non-Christian powers and to enter into treaties or alliances with them. But the company at that time was struggling for its bare existence and its directors had instructed its agents to concern themselves as little as they could with the politics of India. Their policy was clearly outlined in the preamble of the Pitt's India Bill of 1784 which declared that "to pursue schemes of conquest and dominion in India are repugnant to the wish, the honour and the policy of this nation." During this period the company had little confidence of its own strength, and it was anxious to avoid both annexations and alliances. But the battles of Plassey and Buxar convinced the British of the weakness of the Indian princes. In 1764 Oudh lay at the feet of Major Munro, and the company found itself committed to the task of controlling the administration of an important Indian state. But the company's position at that time was not strong enough to permit the annexation of Oudh. Therefore an alliance was concluded with the Navab Wazir guaranteeing his absolute independence in internal administration.



The reign of Wellesley marked a striking departure from the policy of his predecessors. His "subsidiary alliance" was a bold assertion of the company's superior rights over the Indian states. A treaty of subsidiary alliance required the prince to surrender his "right of negotiating with foreign nations and with states in alliance with the company". This was the first serious encroachment on the independence of the Indian princes in general. But Wellesley's policy was soon reversed by his immediate successors. 'Non-intervention' was the key-note of British policy till 1813. One striking characteristic of this policy was the general recognition of the equality of status between the states and the company. The company recognised the sovereign position of the states in all their treaties and alliances. They were treaties of 'mutual amity, friendly co-operation and reciprocal obligations.'

The company's position and status had entirely changed under the governor-generalship of the Marquis of Hastings. The East India Company was no more one of the powers of India, it was the paramount power. It had scattered the power of its European rivals and it no longer required the support of the Indian states for its existence. On the other hand the Indian states stood in need of the company's support. The British policy towards the states during this period is described as one of 'subordinate isolation'. The Marquis of Hastings was an avowed champion of British sovereignty and it was clearly asserted in all his treaties with Indian states. In the former period treaties were negotiated with Indian princes for mutual security, and the treaty obligations were reciprocal. But Hastings' treaties declared the states to be in complete subordination to the Government of India. This principle is clearly seen in his treaty with the Maharana of Udaypur (1818). 'Article 3 lays down that "the Maharana of Udaypur will always act in subordinate co-operation with the British Government, and acknowledges its supremacy, and will not have any connection with other chiefs or states." Hastings however was prepared to recognise the independence of these princes in internal administration. He was anxious to preserve the apparent sovereign status of the Indian princes and was definitely against any policy of annexation.

But the governor generalship of Dalhousie marked a distinct step further. Dalhousie asserted that the relationship between the princes and the company was of a 'feudal' nature and therefore he could claim

'suzerain' rights over them. This was his justification in enunciating his famous 'doctrine of lapse and escheat.'

The great Mutiny and the assumption of direct sovereignty by the crown opened a new chapter in the history of British relations with Indian states. The failure of the mutiny was the recognition of the de-facto and de-jure sovereignty of the British in India. Lord Canning declared that "the crown of England stood forward the unquestioned ruler and paramount power in all India" and that "there was a reality in the suzerainty of England which was acknowledged by the Indian chiefs." The introduction of a new factor, viz., the crown, in the politics of India radically altered the constitutional position of the Indian States. In the Queen's Proclamation there was an attempt to define British policy towards the princes. The princes were assured that there would be no further encroachment on their territories. The Queen also promised that she would "respect the rights, dignity and honour of native princes as her own." The princes were no doubt greatly relieved to secure a formal guarantee of their rights from Her Imperial Majesty. But assumption of direct sovereignty by the crown brought about a subtle change in the nature of these 'rights' of the Indian princes. From that time onwards their 'rights' were to be dependent upon the goodwill of the British crown. The Government of India Act of 1858 established beyond doubt the feudatory character of the states and completed the imperial structure with the crown as its apex. The Queen's Proclamation was followed by Lord Canning's issue of 'sanads' to the Indian princes. These sanads demanded loyalty to the crown as one of the essential conditions for its fulfilment. Canning asserted also that these sanads did not "debar the Government of India from stepping in to set right such serious abuses in a native government as may threaten any part of the country with anarchy or disturbance, nor from assuming temporary charge of a native state when there shall be sufficient reason to do so." These rights of paramountcy and feudal overlordship were formally acknowledged by the Princes of India when they attended the Imperial Durbar at Delhi.

Having broadly traced the policy of the paramount power towards the states in different stages, let us examine the rights claimed by the Government on the basis of this paramountcy. The Viceroys, Governors and other agents of British Power in India have from time to time

enunciated in theory and asserted in practice their various rights over the Indian states, which they call 'suzerain rights'. But these suzerain rights have never been wholly accepted by the princes. Neither do they affect all the princes equally. They have been widely influenced by the treaty rights, customs and traditions of different native states. The following are the important rights claimed by the paramount power.

(1) The paramount power directs the relations of the states with foreign powers. This right has been claimed by the British Government even in its very early treaties with Indian princes. In course of time specific restrictions were imposed on the princes in their dealings with foreign powers. Princes are not entitled to receive consular agents in their territories. They cannot employ foreigners in their service without the sanction of the British Government. All foreign interests of the states like trade negotiations, extradition of a criminal etc., are secured through the paramount power. Even pass-ports for state subjects for travel abroad are issued by the British Government. The princes cannot accept any honour or title from any foreign power without the consent of the paramount power. The obligations of the Imperial Government to foreign powers both in times of war and peace are binding on the states also.

(2) The British Government protects the rights of British and foreign nationals in native states and establishes extra-territorial jurisdiction. Many of the local rulers have recognised the claim of European nationals to be tried by European judges. The Residency in a native states has been declared inviolable. Cantonments and military stations, and in many states railway territories also, are under the jurisdiction of the British Government.

(3) The paramount power conducts the relations between one state and another. The states have surrendered their external authority and as such have no international status. All inter-statal disputes are to be settled by the award of the paramount power. "If a boundary question is to be adjusted, an amicable arrangement made for the mutual surrender of criminal or joint action taken to complete a line of railway or canal that passes from state to state, the British Government must arrange the business and its arrangement must be binding upon the parties concerned" (Imperial Gazetteer Vol. IV). There are

numerous instances where the central government has exercised its right of settling inter statal disputes. (Eg. disputes between Travancore and Cochin over the Koodalmanikkiam Devasthanam. Territorial disputes between Patiala and Nabha).

(4) The paramount power settles all questions relating to succession in the native states. This right was originally claimed only in the case of dependent states. But now all the states have recognised it as a right associated with suzerainty. The Secretary of state for India declared in his despatch of July 1891 that "it is admittedly the right and duty of the Government to settle successions in the protected states of India generally." The Government of India declared in plain terms that "every succession must be recognised by the British Government and no succession is valid until such consent has been given."

As a necessary corollary to this right of settling succession, the British Government reserves the right of permitting or disallowing adoption. No doubt, the princes' right of adoption has been recognised in the Queen's Proclamation ("I hereby convey to you the assurance that on failure of natural heirs, the adoption by yourself and the future ruler of your state of a successor according to Hindu Law and the custom of your race will be recognised and confirmed"). But in all cases adoption becomes valid only when it is sanctioned by the paramount power. It may be pointed out here, that a prince cannot adopt an heir superseding the claims of the legal heir. The right of adoption has been recognised only "on failure of natural heir". (Ref. Kashmir case of adoption).

(5) The paramount power exercises the right of setting up regencies and minority administrations. The Government of India maintain that "they are the trustees and custodians of the rights interests and traditions of the states during a minority administration." But this trusteeship has been exercised not only in cases of minority administration. Instances are not rare where rulers have been deposed for charges of maladministration and regency governments set up in their places.

The suzerain power has also claimed the right of wardship over minor princes. The British Government has made provisions for the education of the Indian princes and separate institutions have been set up for this purpose.

(6) The Paramount power controls the use and grant of all titles, honours and salutes relating to the Indian princes. Titles claimed by a prince in addition to those mentioned in his 'Karita' are not recognised by the suzerain government. The right to confer titles on ruling princes is the privilege of the king Emperor, and princes are not allowed to receive titles or honours from foreign powers without his consent. The princes are not generally allowed to confer on anybody any of the titles which are usually given by the Viceroy. In a controversy of this kind the Political Agent informed the Begum of Bhopal (letter dated Aug. 19, 1919) that "the grant of the title of Rai Bahadur was wholly inadmissible under general rule" and that "titles similar to those given by the Viceroy should not be given by ruling chiefs even to their own subjects."

(7) The suzerain power undertakes to protect the states from external aggression and from internal disorder. This right of protection places the states in such a degree of dependence that they are rendered absolutely powerless against the central government. Serious restrictions have been imposed on the number, armament and equipment of the state forces. The native rulers are not allowed to "construct factories for the production of guns and ammunition" or "to fortify posts in the interior." Princes are expected to surrender all their resources to the central government in times of war or other emergencies.

(8) The paramount power exercises its jurisdiction over railways, posts and telegraphs, coinage and currency and customs and fiscal policy in the Indian states. Many of the princes have surrendered all rights over the railway lines passing through their territories. The states cannot construct railways without the permission of the British Government, unless they are for purely local purposes. The telegraph offices in native states are exclusively controlled and managed by the officers of the British Government (Kashmir has a separate telegraph system of its own). The right of independent coinage has been denied to many native states. The policy of the British Government has always been to universalise the British coinage. Some states like Hyderabad and Travancore have their own coins. But the British rupee is legal tender every where.

Indian states which have seacoasts have practically surrendered their rights of sea customs to the paramount power (Travancore has entered into an interportal convention with the British Government).



(9) The suzerain government can depose an Indian prince or compel him to abdicate in exercising its right of punishment. Princes may be deposed either for charges of gross misrule or for disloyalty. We find leading instances of deposition in prominent states like Mysore, Baroda, Alwar and Indore. But the paramount power has found it convenient to induce the native ruler to abdicate 'voluntarily' in many cases. The government has often resorted to this policy of veiled deposition 'to avoid the odium of public punishment.'

(10) The most important of all the rights claimed by the paramount power is the right to interfere in the internal affairs of a state. This has always been resented by Indian princes; but as Sir George Campbell observed as early as 1852 "there is in fact almost no state with the internal affairs of which the British have not had something to do." Sir W. L. Warner mentions two kinds of cases in which the suzerain power may interfere. "The Government of India may interfere in the interests of a state protected by it or a sovereign recognised by it, or it may interfere mainly in the interests of British subjects and of the Empire as a whole". But this is too vague and elastic a statement and any case may fall under either of these categories. This almost tantamounts to an indefinite right of intervention. In fact this seems to be the claim of the suzerain government. Lord Reading in his letter to the Nizam dated 27th March 1926 declared that "the right of the British Government to intervene in the internal affairs of the Indian states is another instance of the consequences necessarily involved in the supremacy of the British crown." It is not possible to estimate the actual extent of the exercise of this right in different states. But the paramount power has observed very little distinction between smaller and bigger states in the exercise of this right. They have interfered in the affairs of "His Exalted Highness and our faithful ally the Nizam" as often as they have done in the case of a minor prince of Kothiawar.

The chief agency through which the British Government interferes in the affairs of the state, is the British Resident. The main duty of the Resident, no doubt, is to give 'advice' to the prince. But as Mr. K. M. Panikkar says the advice of the resident is usually an order or a command. "The whisper of the Residency is the thunder of the state and there is no matter on which the Resident does not feel qualified to give advice." In many native states the Residents are the 'masters' of the

princes rather than their 'advisers'. They interfere in the day-to-day affairs of the state and often exert their influence in the appointment of the state officers. There was a time, when even in such a major state as Travancore no appointment carrying a salary of Rs. 500 or above could be made without the sanction of the Resident. Princes have many a time complained about the high-handedness of the Political Agents in their states, but often with no results. On the other hand, the complaints of the Residents against the princes have often induced the suzerain power to exercise their right of punishment. The Raja of Satara was deposed and his state was annexed on the basis of the charges brought against him by the Resident. Another method by which the paramount power controls the administration of the states is by appointing its own nominees as dewans or ministers. Princes are not allowed to appoint their ministers without the sanction of the British Government. They are to be guided by the advice of the British Government in the choice of their dewans. Sometimes they are forced to forego their own preference in the matter, and to appoint the nominee of the paramount power.

The services of British officers may be 'lent' to the states for a stipulated period. These 'lent' officers also provide a convenient means for the British Government to interfere in internal affairs.

The British Government can interfere in the administration of the state to some extent by virtue of its right of controlling legislation. In many native states legislation even on ordinary matters of importance requires the previous sanction of the British Government. The paramount power can further interfere in state affairs at the instance of direct petitions from the state subjects. This right is based on the claim that the state subjects owe direct allegiance to the suzerain power. The people in the states have only been too glad to avail themselves of this privilege of seeking redress of their grievances at the hands of the paramount power. In the recent political agitations for responsible governments in many of the states, we find instances of popular organisations submitting petitions and memorials to the Viceroy demanding direct intervention.

We have enumerated above the various rights claimed by the paramount power over the states; now it is not difficult to see that the 'sovereignty' of the Indian states is but an empty phrase. Some writers



hold that the states have not surrendered their "internal sovereignty" even though they have no sovereign status in international law. This argument of 'partial sovereignty' of the state may be accepted as a theory. We may agree with Mr. Panikkar when he says that sovereignty is divisible and that the undivided sovereign of the Austinian school is a meaningless metaphysical conception. But so far as the Indian princes are concerned it is doubtful whether they retain even this partial degree of sovereignty. No doubt there are all the outward symbols of sovereignty in the Indian states. The Chamber of Princes is said to be composed of ruling princes of India exercising "full sovereign powers." But in actual practice, sovereign power is being exercised by the paramount power. Lord Curzon was not enunciating any new theory when he declared in his famous Bhawalpur speech that "the sovereignty of the crown is everywhere unchallenged. It has itself laid down the limitations of its own prerogative."

Lord Reading's letter to the Nizam emphasised the principle again:—

"The sovereignty of the British Crown is supreme in India and therefore no ruler of an Indian state can justifiably claim to negotiate with the British Government on an equal footing." In spite of these clear enunciations repeatedly made by the viceroys, the princes have again and again demanded a clearer definition of Paramountcy. The Indian states committee has given the answer in very plain terms "Paramountcy must remain paramount."

## Bharati and Tamil Music

By

C. R. MYLERU, M.A.,

It is likely that some people might be surprised to see this title, and might begin to wonder whether it is our late poet Sir C. Subrahmanya Bharati who has spoken about "Tamil music", and if so where. Yes, it is he who has expressed his views on this subject so long back as 1920, or earlier, long before any one ever even dreamt of the Tamil music movement. We who follow in his footsteps in other matters, could follow him even in this respect; his words are so eminently reasonable and appealing. He says:—

Only those who are able to sing some of the compositions of Muthuswami Dikshatar, Thyagayyar, and Patnam Subrahmanya Ayyar, with many "Sangathies" are first-rate musicians. All these songs are either in Sanskrit or Telugu. Therefore the vast majority of the singers do not know the meaning of the songs they sing. They swallow the letters and words of the songs, and thus murder the meaning of the compositions. When a musician does not know the meaning of a song, he cannot know its "rasa".

I have also been carefully observing the state of affairs in music from my birth up to this moment. The performance begins; the singer begins with "Vāthāpi Ganapathim Bhajē"; then "Rama nē samāna-mevaru", Mariyātha kāthurā", "Varamulasaki" Oh God! the same story from beginning to end!

Go wherever you want, to any district, any village, let any "vidwan" sing, it is the same thing over and over again. It is only because the people of Tamil Nad have iron ears that they have been hearing again and again and again and again, the same seven or eight songs for years together. People who have good ears in any country would not have put up with this infliction.

I don't mean to say that we should forget songs written by our great predecessors. They must be sung with a knowledge of their meaning. The words should be pronounced well; they should also be enounced well, and not swallowed. Music should not be made an endurance-test, by singing the same twenty or thirty songs over and over again.

New songs must be written and published. The foremost among the musicians at the present-day should try to compose new songs in Tamil. They should learn all about the nine "rasās", and also how they can produce what "rasā" they want by singing a particular "rāgā" in a particular way etc.

"Do not say that there are no good patrons of music in the land. Do not keep telling me that you should try to learn a few songs within a short period, and earn a precarious livelihood by singing them, and that otherwise you will starve."

You should trust the common people. Henceforth you will get support and patronage for fine arts only from the common people. It is your duty to teach them the correct way of appreciating good music. Then you will get good encouragement. If only the people were so minded, they could easily collect four annas per head, and give you Rs. 1,000 per month. You should consider the people as your patrons, as your masters. If only you give proper training to the common people at the beginning to appreciate good things, they would patronise and encourage all arts and learning.

Musicians usually sing only the compositions of Muthuswamy Dikshatar, or Thyagayyar or Patnam Subrahmanya Aiyar in performances. Among these, Dikshatar's songs are in unalloyed Sanskrit. They have a flow and a movement comparable to the majesty and beauty of the river Ganges. They have also got some other good points. But, since they are written in Sanskrit, they are unsuitable for our common people to sing them with a full understanding of their meaning and "rasā".

Thyagayyar was a divine person; he was an ocean of "rasā". He is the main cause for the present position and condition of Carnatic music. Like the sages of old, he made an offering of his "ātma" to his favourite deity, was entirely free from all thoughts of self, and shone as the very

embodiment and personification of his art. Though the singers of the present day spoil his songs by introducing too many "sangathies", by neglecting their "rasābhāvā", and by swallowing sounds and words or by mispronouncing them, yet the old beauty of the compositions still shines.

We do not find this beauty in the music of composers like Patnam Subrahmanya Ayyar and others. For example if we take a song like "Varamulasaki", we find that there is no relationship between the music and the meaning of the song.

The words mean "Is it difficult for you to give me a boon?"; but the music does not coalesce with the words. Then.....

It is necessary for the musicians to learn old songs and master traditional ways of singing. But they must give up the habit of always singing songs in languages other than Tamil in Tamil Nad. It is a vicious practice. If we should go on at this rate, ultimately we might even lose our taste for music.<sup>1</sup>

With what wonderful foresight has Bharati said everything pertinent to this problem! All true poets are "seers"; in the Greek language a poet is called "vates", which means "one who can foresee and prophesy". It is difficult to find arguments more appropriate or telling than those given by Bharati in favour of Tamil music.

But let us make an attempt and examine some other reasons also for Tamil music. At the present day there is a Renaissance in Tamil; new literature in the shape of novels, short stories, poems, essays etc., books on science, economics, philosophy and history are coming out every day. The people of Tamil Nad enthusiastically welcome these attempts and encourage authors to produce more and more. No one has said that all this is detrimental to Tamil culture or advancement! Again there was an agitation for vernacularising all studies in high schools excepting the language subjects; this has been carried out into practice in many schools in the presidency. When this spirit for "Tamilization" is encouraged in

1. Translated from Bharati's remarks in his essay "சங்கீத விநாயகம் இன்புரை".

all other spheres, why should there be opposition in the field of music alone? In this direction also the Renascent spirit of the Tamils is being exhibited; people are just now waking up from their long sleep of centuries, and demanding their rights. It is curious that there should be people to oppose it, instead of supporting it.

The support given to this movement by Rājāji is very important. Ordinarily he does not openly give his support to anything. But, if he is fully convinced of the correctness of a certain point of view, he would not mind proclaiming it, even if he should happen to oppose his own "guru" Mahātmāji, while so doing. (The recent discussions of the Congress Working Committee at Bardoli, where Rājāji opposed and carried his point, bear ample testimony to this). Therefore, his declaring that Tamil Music is desirable, just, and worthy of patronage and encouragement is a great thing.

Again, this movement provides a good opportunity for musicians to learn many new Tamil songs, which they can sing to ardent listeners and earn a good name and a lot of money. They would also understand that they should gather a large stock of songs, and sing such songs as their audiences want, and not such ones, as they (the musicians) want ignoring the audience'.

Some people think that this movement means, that from beginning to end only "Kavadichinthu", "Thiruppugazh", and "Thēvāram" should be sung in a performance! They also wonder how a concert would be attractive with such fare. Nothing of this sort need be done, nor even thought of.

The concert should proceed in the same order and manner as at present with a "Varnam" at the start, then some slow timed pieces followed by some in quick time, "pallavi" minor songs etc. But, the one important proviso is, the language of the songs, especially of the ones before the "pallavi" should be Tamil. Some people might say that there are not enough good songs in Tamil to be sung before the "pallavi". This is not true; there are a number of fine songs available; many more have been found out, and written in the proper musical notation by a special committee of "Vidwans"; they will also be published shortly. Arrangements have been made to teach some of these songs at important

centres in Tamil Nad. What else need be done? Our land should be deeply indebted to Raja Sir Annamalai Chettiar who has come forward to do this noble piece of work. His work can be compared to that of our old Tamil Kings who encouraged the three forms of learning: literature, music and drama. (இயல், இசை, நாடகம்). If he should take up the cause of drama also which too is in a backward state in Tamil Nad, his work would be complete and comprehensive.



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GENERAL EDITOR

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# THE PROBLEM OF RURAL CREDIT IN THE MADRAS PRESIDENCY



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It is advisable for central banks to open branches if facilities could be afforded to societies for disbursement of loans as well as collection of dues from them. Ordinarily these functions could be left to good urban banks. These branches should act only as transmitting agencies to central banks. It should however be noted that opening of branches is only a matter of convenience and not of principle. The number of branches of central banks at present is only 12, the largest being five branches in Cuddalore. These branches are in charge of paid employees of the bank called "managers". The business done by these branches is not stimulating. In the survey of the credit institutions in South Arcot District, the writer had an opportunity of visiting an out-agency of central bank at Vadalur. The manager had practically no work and the out-agency was not working satisfactorily. Another out-agency was opened at Chidambaram. It worked only for four months and as it was not able to do sufficient business to maintain an office at Chidambaram, it was closed very soon. Hence branches of central banks in the various taluks should be established only if there is a chance of such branches doing good business.

**Capital:** The central banks derive their capital from the share capital, deposits, and other borrowings. Share capital is raised by the issue of shares to individuals and societies. Society shareholders are generally required to take one share for every Rs. 1,000 they wish to borrow from the central banks and unlimited liability societies are required to take as many as their own share capital will permit.

Central banks derive the bulk of their working capital from deposits from individual members and non-members, from local boards, municipalities and similar sources with the sanction of the Government and the reserve fund deposits of primary societies. The various kinds of deposits from individual members and non-members are fixed deposits, current deposits, recurring deposits and savings deposits. Fixed deposits are received for not less than 6 months and not more than three years. They form a very important part of the resources of the central banks and the period of such deposits limits the period of loans to societies. The rates of interest allowed on these deposits are low. For fixed deposits the rate varies from  $1\frac{1}{2}\%$  to  $4\frac{1}{2}\%$ , savings deposits 2% to 3%, current deposits 1% to 2%, recurring deposits 3% to  $6\frac{1}{4}\%$ .

The local boards and municipalities have been permitted by the Government to invest their funds in the Madras Provincial Co-operative

Bank and Central Banks. Besides local and municipal funds Government authorised several kinds of security deposits to be invested in the Provincial and Central Co-operative banks (e.g., toll gate contractors and local fund engineering contractors). To prevent competition among banks for the attractive local board deposits and to prevent accumulation of idle surplus, the Registrar placed certain restrictions on the acceptance of these deposits. Chief among them are that the total amount of deposits lodged by local bodies with co-operative central banks should not exceed their paid up share capital; the Registrar has however power either to raise the limit to any amount not exceeding twice the paid up share capital or to relax in the case of individual deposits on certain conditions. Out of a total working capital of all central banks amounting to Rs. 523.54 lakhs, the total fixed deposits of local bodies held by all central banks on 30th June, 1938, amounted to Rs. 34.36 lakhs and the paid-up share capital Rs. 49.79 lakhs. \*Thus central banks can take fixed deposits of local bodies up to the paid-up share capital amount. Some of the central banks however had surplus funds on 30th September, 1938 from 1 to 4 lakhs.

Central banks also borrow money either by taking a loan from the Madras Provincial Co-operative Bank or by means of an overdraft from it or from the Imperial Bank of India. The loan applications of Central Banks for loans from Provincial Bank are sent through the Registrar of Co-operative Societies. Cash credits are also granted to central banks by the Provincial Bank to run for one year at a time but terminable at a month's notice. The central banks lodge with the Provincial Bank promotes of unlimited liability of societies as collateral security. The Imperial Bank grants overdrafts against Government and other authorised securities. The undrawn portion of cash credit is counted for the purpose of fluid resource.

The borrowing power of a central bank is fixed with reference to its paid-up share capital and reserve fund and is limited to ten times the sum of these two items. The Madras Provincial Co-operative Bank is permitted to borrow up to twelve times the sum of its paid-up share capital and its reserve fund.

The maintenance of fluid resources:—

Banks and societies receiving deposits must keep a certain proportion of their assets in liquid form to meet the claims made from time to time by depositors. According to present rules central banks have to maintain fluid resources in the following proportions\* :—

- (i) Full amount of fixed deposits matured and not claimed.
- (ii) Full amount of recurring and provident fund deposits which matured for payment.
- (iii) Fifty per cent of fixed deposits falling due within the next thirty days.
- (iv) Fifty per cent of current deposits.
- (v) Twenty-five per cent of savings deposits.
- (vi) Fifty per cent of the amount of cash credits allowed to other societies as cover for deposits in them. In the case of the Madras Provincial Bank the proportions are the same as those of central banks except for current deposits for which the Bank has to maintain 40% fluid resource.

The forms of fluid resource to be maintained are:—

- (i) Cash balance on hand and with banks.
- (ii) Amount deposited in the post office savings bank which is readily withdrawable without notice.
- (iii) The entire purchase value of post office cash certificates held by the bank.
- (iv) Undrawn cash credit with the Imperial Bank of India.
- (v) Government promissory notes—80% of the market value (as quoted in daily papers and unencumbered).
- (vi) Debentures of the Madras Co-operative Land Mortgage Bank purchased by the bank out of its general funds. The bank

\*The Madras Co-operative Manual—Vol. I. Revised Edn, 1937,

is permitted to reckon these debentures for the purpose of fluid resource up to a limit of one third of the standard required to be maintained by it, the debentures being taken at 80% of their market value.

- (vii) The undrawn portion of cash credit allowed by the Madras Provincial Co-operative Bank.

In the matter of fluid resources a distinction is made between liabilities to the outside public and those due to co-operative societies. Items i to v of the paragraph referring to the standard of fluid resources should maintain forms of fluid resources described in items i to vi. The undrawn portion of cash credit given to central banks by the Madras Provincial Co-operative Bank on securities other than co-operative paper (on the security of Government paper, fixed deposits and the debentures of the Central Land Mortgage Bank) has been permitted to be reckoned as fluid resource for the purpose of meeting outside liabilities as in the case of inside liabilities. The overdraft granted to central banks by the Provincial Bank on the security of co-operative paper can be counted against fluid resource for their inside liabilities only.

The Townsend Committee recommended that the standard of fluid resources in central banks should be 30% of fixed deposits falling due within the next six months or 50% of those falling due within the next thirty days, whichever is from time to time higher. Regarding the maintenance of the fluid resources, the Committee recommended that if Central banks agreed, it would be safe for them to concentrate their cash credit with the Provincial Bank and that the undrawn cash credit of the central banks with the Provincial Bank should be included in their fluid resources. The President and two other members did not approve of the practice of relying largely on cash credit as fluid resources and also of the proposal to concentrate the fluid resources in the Provincial Bank. They felt very strongly that the holding of appreciable tangible liquid assets by the central banks was very necessary.

The position as on 30th June 1938 was that all central banks had to maintain fluid resources to the extent of Rs. 36.14 lakhs as cover for deposits from individuals and institutions other than co-operative societies.

Against this they had resources amounting to Rs. 72.25 lakhs which were composed of as follows:—

	LAKHS Rs.
(a) Cash on hand, post office savings bank deposits and cash certificates ..	20.10
(b) Undrawn cash credit with the Imperial Bank ..	25.18
(c) Undrawn cash credit with the Madras Provincial Bank obtained on the security of Government paper, fixed deposits and the debenture of Central Land Mortgage Bank ..	11.08
(d) 80% of the Market value of Government paper ..	10.10
(e) 80% of the market value of the debenture of the Madras Central Land Mortgage Bank purchased out of general funds up to a limit of 1/3rd of the fluid resources required to be maintained ..	5.79

This strong position is due to the plethora of funds with the central banks. The central banks had also to maintain 5.53 lakhs as cover for the undrawn portion of each credits allowed to societies. The central banks had also Rs. 12.03 lakhs as undrawn cash credit with the Provincial Bank as security against co-operative paper. Thus for a total fluid resource of Rs. 41.67 lakhs, which the Central banks had to maintain on 30th June, 1938 as cover for both outside and inside liabilities, they had resources amounting to about 84.27 lakhs.

The Madras Provincial Bank had to maintain fluid resource on 30th June, 1938 for Rs. 31.70 lakhs to meet both outside and inside liabilities; these were amply covered and there was an excess of fluid resource of Rs. 60.96 lakhs. As it stands at present the position of fluid resources both in Central banks and the Madras Provincial Bank is very satisfactory.

#### *Principle and Test for sanction of loans*

The funds of central banks are generally utilised for the purpose of granting loans to primary societies. Generally loans are sanctioned to societies on their past history based on audit and inspection reports and the information furnished by societies and supervisors or bank

inspectors as regards adequacy of security, income, repaying capacity, etc. The application forms for loans sent to the central banks contained the following information.

Admission number; name; net assets; outside debts, mortgage debts, other debts-total dues to society (long term and short term); overdues (long term and short term); loan now applied for, purpose; security for new loans; if mortgage security is offered-survey number-extent-value; if surety loan, surety's admission number-name-net assets; period of loan; date of repayment proposed; applicant's income from agriculture and other sources; applicant's expenses-cultivation and other household expenses; saving capacity; signature of member.

In many cases financing banks disposed of loan applications without proper enquiry. The writer in his investigation in the South Arcot District found out that the central bank of Cuddalore gave loans to many societies without properly scrutinising the loan applications. In fact favouritism played a great part in the sanction of loans. The Karunguli Society, South Arcot District, was granted loans by the Central bank even though that society was in heavy overdues to the Central bank. The president of the society was also the President of the Central Union and the supervisors did not trouble themselves to examine the accounts of the society. The result was benami transactions grew up and overdues swelled up and, about the beginning of last year, the society was almost on the verge of liquidation.

Again, in assets and liabilities and in arriving at the repaying capacity, the society bases its estimation on the property statement prepared by itself and supposed to be checked by the supervisors. The executive staff of the Central Bank should be very careful in the scrutiny of the property statement, for on it is based the fixation of normal credit of the society. Central banks may scrutinise applications for loans in much the same way as the Central Land Mortgage Bank does in regard to applications received from primary land mortgage banks. The individual normal credit should be carefully examined in the bank by the secretaries and executive officers competent for the business and on the basis of such meticulous examination the borrowing limits of both individual members and societies should be based.

The present policy of central banks is to confine themselves to short-term loans not exceeding twelve months or, in some cases, eighteen



months and intermediate loans extending to a period of about six years. In the earlier years, central banks and societies were granting loans for periods extending to ten years but, with the inauguration of Central Land Mortgage Bank and the spread of primary land banks, the present policy of Central banks confining themselves to short-term and intermediate credit has been evolved. It is very necessary that loans given by central banks should be only short-term and intermediate because the funds of central banks are derived for the most part from short-term deposits and cannot for obvious reasons be locked up in long-term loans. The outside deposits (exclusive of deposits within the movement and deposits on current and savings bank account and recurring and provident fund deposits) held by Central banks are classified according to the date of maturity in the quarterly financial statements. For the quarter ended 30th June 1938, the position was as follows:—

	Deposits and debentures falling due in the next 30 days	In the next 11 months	In the next 11 months	In the next 11 months
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
30th June, 1938	8.98	75.21	85.64	18.39
		In the subse- quent years 11.22		

These figures show that the bulk of the deposits matures for re-payment in a period of two years. So according to sound banking principles undue reliance should not be placed in the renewal of deposits to make long-term investments out of short-term deposits. Taking into account deposits of all kinds including reserve fund and other long-term deposits, the position is as follows (30th June, 1938)\*

\*Prepared from tables given in the Evidence Report of the Madras Co-operative Committee, Vol. I, 1939.



Deposits	Rs.	Percentage to
Short Term	Thousands	total deposits
loans	18,997	51.3
Intermediate		
(a) Between 1 and 3 years	6,716	18.2
(b) Between 3 and 6 years	1198	3.5
Long Term	9840	27
Total	36,751	100.0

The deposits classified long-term and which form 27% of the total deposits are generally for periods over six years and except reserve fund deposits of societies, they represent only a very small proportion of the borrowing of central banks. But the main long-term funds available with central banks, viz., share capital and reserve fund deposits of societies are already locked up to meet overdues of societies which correspond to long-term investments. Hence central banks should confine themselves to short-term and intermediate loans. It is suggested by some that ten year loans for the purpose of discharging prior debts should be given to small ryots. In the first place the deposits of central banks are not for such long periods. Secondly such loans will conflict with the operations of land mortgage banks.

The Reserve Bank of India suggested in its preliminary report "Loans must be strictly limited to cultivation finance. This should ordinarily mean the expenses in connection with the cultivation operations like ploughing, sowing, weeding, etc.; but may also include the sums ordinarily required for the maintenance of the farmer's family till harvest, or other urgent purposes like the replacement of cattle or implements, provided such loans can be repaid out of the proceeds of the harvest in a normal year. If loans have to be issued which cannot be repaid in one year, e.g., for the replacement of cattle, such loans should not extend beyond two years and provision should be made for their repayment in equal instalments. Such loans should also be clearly distinguished from annual loans and should not exceed a comparatively

small proportion of the societies' business." Though the purposes specified by the Reserve Bank for limiting all loans by societies to two years are reasonable, it is doubtful if the loan taken for the purchase of cattle or implements could be repaid within two years. Intermediate loans, payment of kist, purchase of cattle, improvement of land etc., form a fairly big proportion of the loans taken by the societies. The following table shows the purpose of borrowing:—\*

	1936-37		1937-39	
	Amount Rs. Lakhs	Percent	Amount Rs. Lakhs	Percent
Cultivation expenses	26.82	23.1	54.35	30.8
Purchase of cattle	8.08	6.5	9.32	5.6
Payment of kist	12.25	9.9	20.07	11.4
Improvement of lands	6.36	5.1	10.57	5.9
Purchase of raw materials	1.34	1.0	1.45	0.8
Trade	16.19	12.9	22.09	12.5
Education	0.14	0.1	0.15	0.1
Building, buying or repairing houses	4.35	3.4	4.99	2.8
Manufacture and purchase of carts	0.31	0.3	0.36	0.2
Purchase of lands	3.62	2.9	4.19	2.4
Purchase of food. etc.	10.47	8.4	20.12	11.5
Total Productive purposes	91.94	73.6	148.28	84.0
Paying off prior debts	30.94	24.9	25.26	14.4
Marriages & ceremonies	1.26	1.0	1.43	0.8
Litigation and other non- productive purposes	0.55	0.5	1.37	0.8
Total unproductive purposes	1.81	1.5	2.80	1.6
Grand total	124.69	100.0	176.34	100.0

\*Prepared from the Report of the Working of the Co-operative Societies Act 1936-37, 1937-38.

The table indicates that productive loans for other purposes than cultivation are so large that their importance cannot be minimised. A better idea could be formed if loans classified according to periods are studied.

Period	1936-37		1937-38	
	Amount Rs. Lakhs	Percent	Amount Rs. Lakhs	Percent
(1) Loans not exceeding one year	110.20	32.0	150.43	40.2
(2) Loans exceeding one year but not exceeding two years	18.71	5.5	18.11	4.8
(3) Loans exceeding two years but not exceeding five years	159.72	46.5	155.54	41.6
(4) Loans exceeding five years	55.07	16.0	50.07	13.4
	343.70	100.0	374.15	100.0

Short-term loans up to two years form 45% in 1937-38 and 37.5% in 1936-37. Next in importance come loans varying from two to five years—the percentage being 46.5% in 1936-37 and 41.6% in 1937-38. If these intermediate loans which are popular are dropped out from the agricultural societies, then there will be a big gap in credit which some other agency should come forward to fill up. Hence the recommendation of the Reserve Bank to limit loans to two years cannot be adopted without great inconvenience to ryots who would be driven to moneylenders by such action.

One important factor that should be observed by central banks is a proper regulation of lendings with reference to borrowings. The working capital for the financing of intermediate loans from two to six years may be derived from the ordinary short-term deposits, but the bulk of such capital must be obtained by long-term deposits repayable in convenient instalments not exceeding 6 years, by provident deposits, by issue of cash certificates and the like.

Table No. 56 of Appendix II will show the position of borrowings in relation to investments in Central banks on 30th June, 1938. The percentages of short-term investments to total investments in the Central banks of Anantapur, Vellore, Cuddalore, Ramachandrapuram, West Godavari, Vizianagaram, Kistna, Srivilliputtur, Tanjore, Tinnevely and Vizianagaram are 70.80, 64.40, 65.90, 70.00, 84.00, 91.50, 77.40, 71.70; 84.67, 65 respectively. In these banks the investments in short-term loans exceed the short-term deposits. Such increase of short-term loans to deposits is not detrimental to the Central banks. In fact the Central Bank is safe in indulging in such business.

In the Central Banks of Hospet, Kurnool, Malabar and Salem the percentages of intermediate loans to societies against total investments are 74, 83, 80 and 74.49 respectively. Intermediate loans in these banks exceed the total borrowings of societies. Evidently these banks have been using short-term deposits for intermediate loans in addition to the reserve funds, share capital and other owned capital of the banks. Such investments will result in grave danger to the banks.

In the Conjeevaram Central Bank the investment in long-term loans is 63% of the total investments. The long-term loans far exceed the long-term borrowing. If the loans are given out of short-term and intermediate deposits, then the central bank should have been adopting a very imprudent policy.

The short-term deposits of the Madras Provincial Co-operative Bank as on 30th November, 1938 are composed of

	Rs.
Current account ..	55,18,471
Prudential deposit account ..	14,66,694
Fixed deposits ..	64,63,724

Short-term loans on 30th November, 1938:—

	Rs.
To Central banks ..	17,69,285
Unencumbered Government securities ..	65,49,402

Much of the money in the Provincial Bank is lying idle.

It must be the first principle of a central bank to use short-term borrowings only for short loans. Where the demand for short-term loans is greater than the short-term borrowings, then deposits for longer periods may be utilised for the grant of such loans. But when there is a greater demand for intermediate loans, such transfer from short-term deposits should not be easily made without reference to the amount of short-term deposits.

### *Reserves*

Central Banks set apart 25% of their net profits towards the reserve fund and the balance is distributed as dividend, honorarium, etc. Not more than 9% per annum is paid as dividend on paid-up share capital. Central banks are permitted to invest one-half of their total reserve funds in the Madras Central Land Mortgage Bank. In addition to the reserve fund there is found to be a need for creating bad debt reserves in Central banks as a second line of defence. Some central banks carry a portion of the net profits to the bad debts reserve according to their by-laws.

### *Rectification and Consolidation of Societies*

The huge increase of dormant societies necessitated the Registrar in 1930-31 to launch upon a system of rectification and consolidation of societies. The principal features of the scheme are—

" (i) Examination of loans (classification)—In order to see whether or not all the loans in each society are adequately secured and to see whether any immediate action is called for, a detailed examination in each outstanding loan is necessary.

A classification of loans may be made as follows:—

(a) Loans which stand on good security and the borrowers of which can be expected to pay the loans out of their income within the given period or within the period to be extended.

(b) Loans which stand on inadequate security but the borrowers of which can give and are willing to give additional security and to repay their loans within the given period or within the period proposed to be extended.

(c) Loans which stand on inadequate security the borrowers of which are not either in a position to repay the loans out of this income or to furnish additional security. The history of each loan should be noted and suitable action suggested in each case. In the course of investigation the amount of debt which may prove bad or is doubtful of recovery should be ascertained and noted.

(ii) Lines of work—In respect of loans classed under (c) action should be taken at once. The Panchayat should be advised to file references under section 51 against defaulters and awards should be obtained and executed quickly through the department. Penal interest on loans, if any, may be waived. If the circumstances of a borrower justify further concessions, such as a reduction in the original contract rate of interest etc., the question should be examined by the general body of the society and suitable by-laws passed. In very bad cases, if a society pays a central bank loan in full collecting the amount proportionately from the borrowers the balance of money due may, with the sanction of the Deputy Registrar, be written off. Where the interests of the Central bank will be affected, the consent of the bank will have to be obtained.

For loans which do not stand on adequate security but which may be secured borrowers should be required to produce fresh security. Wherever necessary, production of encumbrance certificate should be insisted on. The additional security may be taken by means of a supplemental bond without varying the original conditions.

Extensions may be given in deserving cases. Borrowers who can raise credit elsewhere or who can sell their property of their own accord should not ordinarily be given extensions.

The scheme should be worked in compact areas; when the work in an area is completed, another area should be selected.\*

The central banks of Trichinopoly, Calicut, Coimbatore, Hospet and Mangalore, completed the examination of loans in a number of societies. The results of the examination up to the end of the year 1937-38 according to the Report of the working of the Madras Co-operative Societies Act for 1937-38 are:—

\*The Madras Co-operative Manual, Vol. I, pp. 104-105.

(1)	Number of societies in which examination was conducted	7105	
			Rs. Lakhs.
(2)	Total amount of loans including interest involved in them	..	303.01
(3)	Of the above sum the amount which stands on adequate security	..	211.30
(4)	The amount which stands on inadequate security	..	91.71
(5)	Of this, the amount for which additional securities have been obtained and the amount collected	..	20.01
(6)	Balance still ill secured	..	71.70
(7)	Estimated bad debts in these societies	..	39.86
(8)	Of this the amount that will affect the Central Banks.		9.2
(9)	Amount of loans collected during rectification work..		59.61
(10)	Reserve fund of Central Banks	..	33.49
(11)	Bad debt reserve of Central Banks	..	19.69

In his report for this year 1937-38, the Registrar has remarked on the progress of rectification work as follows:—

"The Central Banks are taking steps to collect or secure the loans on inadequate security but this is proceeding at a rather slow pace. They have been exhorted to make systematic and sustained efforts to push through this stage in the rectification work. The special concessions suggested for D class societies were continued during the year to the members of all classes of societies under certain conditions. It is hoped that Central banks will avail themselves of the opportunity and realize a good portion of the ill-secured debts. It is no doubt inevitable that central banks will have to write off a portion of their dues as bad and irrecoverable; but this will not affect their financial equilibrium as they hold strong reserves."

Owing to depression and the consequent inability of borrowers to repay their loans regularly, societies were forced to obtain decrees or take out execution proceedings against defaulters. The number of decrees and the amount involved as on 30th June, 1938, are 52,871 and Rs. 52.32 lakhs respectively. Certain concessions have been extended to Societies and to their members in order to recover the arrears without



undue hardship and to place the societies again on an active working basis:—

(1) Reduction in the lending rates of Central banks and primary societies on new loans.

(2) Waiving of penal interest by Central banks on overdue instalments of interest and the complete deletion of penal interest from the by-laws of primary societies.

(3) Collection of interest by central banks and societies at  $6\frac{1}{2}\%$  and  $7\frac{1}{2}\%$  respectively on all outstanding loans.

(4) Examination of every loan in the "D" class societies and an accurate estimate of their assets and liabilities. The guiding principles for arriving at this are—that no member shall be asked to pay more than double the principal; or that no member shall be asked to pay more than the principal plus interest calculated at  $6\frac{1}{4}\%$  from the date of disbursement of the loan; or 25% of the amount outstanding may be remitted; to induce members to repay, a further remission of the principal at a fixed percentage of the loan has been suggested to be offered to those who pay their loans either immediately or within three months. To those who cannot pay in this manner, time is allowed up to one year. In the case of loans referred for arbitration, the arbitrators should be asked to allow interest at only  $6\frac{1}{4}\%$  on decretal debts.

In cases where the debts seem absolutely impossible for collection (e.g., cases where the mortgaged or other properties of the defaulters have already been sold in auction and which, therefore, stand without any security whatsoever, cases where the borrowers and sureties have either no properties or are no more; cases where loans have been allowed to be time-barred) and the only course seems to be writing them off, central banks should not hesitate to use their bad debt reserve for such purposes. In cases where borrowers furnishing additional security accept to repay the loans in instalments over a long period, the loans should be transferred to the land mortgage banks in the area. Wherever it is possible to realize a portion of the dues immediately, central banks should give as much concession to the borrowers as possible. Effective coercive steps should be taken wherever necessary. It would be in the fitness of things if central banks employed special staff for this purpose whose duty should be to take up society after society, examine each ill-secured loan

and suggest the course of action that should be adopted to realise or secure the loans.

The quarterly progressive report of rectification (30th September, 1938) in the Conjeevaram Central Bank is very encouraging. It is said that the Central Bank completed rectification work and every loan in every society was examined and action taken thereon by getting either additional securities or taking coercive action or allowing the loan to continue without action for a further period in accordance with instructions contained in the circular of the Registrar. Regarding the present condition of societies in the District it was proposed to work up the new scheme by which lands that came into possession of societies in the course of execution of decrees will be disposed of by conveying them to original owners or other villagers. For this it was requested to address the Government to get for the bank a loan of Rs. 5 lakhs and the matter is still pending. It is really encouraging that at least a central bank is taking a bold step in the right direction. It would be better if the Conjeevaram Central Bank and other Central Banks which have finished the rectification work in societies adopt the Burmese method of rent purchase system of lands in the case of those whose lands were lost to societies. The Burmese rent purchase system will be examined in a later section.

*Banking unions and central banks:* Of late, there has been a talk of the introduction of banking unions both by the Reserve Bank of India and some co-operator. In Bulletin No. 1 of the Reserve Bank of India, working of the Union at Kodinar (Baroda State) is given. The author of the bulletin stresses the importance of starting multi-purpose societies and small banking unions working in limited areas and confining their membership to primary rural societies and discharging all the functions of financing, supervision and education. The Reserve Bank realizes that the organization of such unions in place of central banks would be more difficult because of the opposition of the banks. But it has been suggested that central banks might still continue financing such unions formed by sub-division and might take up urban co-operative banking.

As regards the finance of the banking union, the Reserve Bank thinks that though the elimination of individuals from being members would deprive the banking union of the necessary men available to command the confidence of the public and attract local deposits, the com-

nection with Government would infuse confidence in the public to deposit with the unions. But the capacity of a Central Bank which has a wide area to tap, which has the reputation of being connected with the Government and which has influential members on the board will be far above the capacity of a banking union which will have to tap the finances from only a small local area. The result will be the banking union will have to turn to Provincial Bank for loans and the Provincial bank's rates are always higher than the rates at which central banks are able to raise funds locally.

Again the directorate of a banking union consisting as it does of representatives of the borrowing societies only is likely to overfinance and show undue leniency in the matter of recovery to particular societies. At present in the board of directors of central banks individual members are included and other members representing banking and commercial interests are co-opted as members. This system acts as a check against the system of overfinancing. In spite of such safeguards there was overfinancing by Central Bank of Cuddalore in the case of certain societies. Hence the case is all the more against banking unions composed of societies only.

Supervising unions composed of representatives of primary societies are a great failure in this Presidency because supervisors appointed by members who represent the societies they have to examine cannot do full justice to their business. Banking unions which boast of combining supervision and financing will not be better in intensive supervision than supervising unions.

The introduction of banking unions in each taluk will only multiply the cost of administration at the same time minimising the chance of getting sufficient funds. The MacLagan Committee was of opinion that a Central bank should cover as large an area as is compatible with convenience and efficiency. The Indian Central Banking Enquiry Committee was of opinion "generally speaking central banks should operate over fairly large areas with a good number of societies affiliated to them and should not be too small". The Punjab Provincial Banking Enquiry Committee did not appear quite enthusiastic about these unions. The Committee states "Financially, the unions are much less important than the banks, and as we made no special enquiry about them, we need only say that they mostly operate within a radius of 10 or 15 miles, their mem-

bers are all societies, and none of them has a working capital of more than five lakhs. On the other hand the biggest central bank has a working capital of 78 lakhs." The Bengal Provincial Banking Committee stated "A central bank should ordinarily expect to deal at once or within a reasonable time with at least 200 or 250 societies. We agree with this view and unless its area of operation is too large or the means of communication exceptionally bad, no central bank could be split up before the number of affiliated societies reaches 300, and even then no new central bank should be formed until a sufficient number of men of intelligence, influence and knowledge of co-operation can be found in the locality to form its directorate."

Hence there is no need for the formation of banking unions. It would be very difficult to oust the long-established central banks and even if attempts in that direction are successful, they are not conducive to the best interests of co-operation.

Mr. Prakasam, former Minister for Revenue of the Government of Madras, opening the Multi-purpose societies at Alamaru said that the Multi-purpose societies should form into banking unions, which should form as branches of the Provincial Bank. Even the statutory Report of the Reserve Bank of India did not suggest the abolition of central banks. The Reserve Bank intended the banking unions in their turn to be federated into central banks. There is no precise indication in the scheme of Mr. Prakasam of the relations between the Provincial Bank and the banking unions. The question whether banking unions with their own membership and independent constitution can be branches of the Provincial Bank is a baffling one.

#### *Central banks as branches of Provincial Bank.*

Another suggestion put forward is that the existing central banks may be abolished and in their place branches of Provincial Bank can be opened. It is contended that such a step would eliminate intermediaries between the provincial bank and the primary societies and would thereby cheapen credit to the ultimate borrower. In Bombay where side by side with central banks branches of Provincial Bank operate, it has been recognised that there is a greater need of an intervening link between the Provincial Bank and the primary societies. So the Bombay Provincial Banking Enquiry Committee recommended the creation of

central banks in place of branches of Provincial Bank. The central banks attract deposits locally, the rates on such deposits being half per cent lower than the rate at which they borrow from the Provincial Bank. The central banks in Madras are now able to supply all the credit needs of the societies, assisted by the Provincial bank to maintain adequate fluid resources to meet their commitments to their creditors. The following table will show what an insignificant part loans from Provincial Co-operative Bank pay in the loaning operations of central banks with their societies:—

*Year.	Working capital of central banks. Rs. lakhs.	Loans borrowed from the Provincial Bank. Rs.	Loans repaid to the Provincial Bank. Rs.
1931-32	576.28	19,20,580	66,56,871
1932-33	588.74	5,52,005	34,37,563
1933-34	553.21	10,414	5,55,094
1934-35	511.13	7,44,250	4,00,832
1935-36	501.43	11,87,500	12,77,894
1936-37	526.00	9,22,625	9,73,959

This table is enough to prove how unfounded is the plea that money is made costly to village societies, because of the intervention of central banks. Even where the central banks have borrowed from Provincial Bank, such borrowings represent only a very small proportion. Again abolition of central banks and the establishment of branches of Provincial Bank will not in any way lessen overhead costs, for it would be necessary to incur the same expenditure to run the branches. So it will not be possible to supply money cheaper to ultimate borrowers. Excessive centralisation of finance in a province where the economic conditions are not equal, has its own disadvantages. The connection of the apex bank and the branches will be so close and intimate that the defects and faults

\*Madras Co-operative Journal April, 1938. Co-operative Credit Structure by Ramades Pantulu.

in one part of the structure will react on the whole, bringing the entire structure to grief. The proposal will kill local enthusiasm and initiative and will keep away the vast body of honorary workers in the field. To abolish a system of central banks, which is the envy of other provinces is the greatest disservice that could be done to the movement. The defects in the co-operative movement are not due to the financing agencies. They are due to causes such as depression, accumulation of over-dues as a result of the diminished repaying capacity of the peasants, defective marketing facilities and lack of enthusiastic panchayatdars in the villages. So the movement can be rectified not by abolishing the independent central banks, but by rectifying the various faults in the economic system.

#### V. *Defects of Primary Credit Societies.*

The Co-operative movement in this Presidency has not developed on sound and efficient lines. While the principles laid down in the by-laws of co-operative societies which we examined in the previous sections are sound and afford facilities for the development of the whole life of the villager including moral and spiritual, those principles are not correctly observed by the men who are actually in charge of the societies. Selfless men who could work patiently in little unknown villages are rare in India. In the villages where the majority of the population are illiterate and lack civic spirit and cannot assimilate the principles of co-operation, the panchayats are usually composed of a greedy few and they continue to cling to office for years and mismanage the affairs. In the survey conducted in the South Arcot District such cases were often found. In one society at Karunguli, South Arcot District, the Presidentship of the Panchayat was first held by the father, and then by the son, and when the society was superseded, the father was acting as Manager. The Panchayatdars themselves were in heavy arrears and a large amount was due from the President. On enquiry in the village, it was found that benami transactions were prevalent in the society. In the name of his "Pannayal", the President had taken loans. Moreover in the grant of loans to the society the central bank was very liberal, for the President of the society was a friend of the President of the Central bank. Cases of the Panchayatdars being defaulters and at the same time continuing in office were common in many societies. The supervisors and auditors should have brought such cases to the notice of the Central bank and the Registrar, and both the bank and the Department should



have taken immediate action. In another society, an illiterate member was acting as the secretary. He was not able to count more than hundred. Though the supervisor might write the books of account once in a month, a society with an illiterate secretary cannot expect to flourish for long, for there will surely arise some dispute regarding the payment of instalments by members. The society at Kottavacheri did not take any loans from the Central Bank nor lend to the members since 1930. This can mainly be attributed to the lethargy of the managing committee. In many societies factions between two village parties were common. So what is needed in the first place is an effective system of supervision and audit. Besides, the offices of the President and Secretary should not be held by the same persons for a long time. Under existing rules there are certain disqualifications prescribed for membership of Committees. To safeguard against mismanagement in the society, it must be laid down that a President or Secretary should not be continuously in office for more than two years. The Registrar should have power to remove undesirable men from office after due enquiry.

#### *Supervision and Audit.*

Supervision has been relegated to non-officials in the Madras Presidency. Managing bodies of unions were mostly composed of primary societies. To take only one instance, the President of the Karunguli Society, South Arcot District, was for a long time President of the local union with the result that the supervisors appointed by the Union and who were under his control dare not point out the defects of the society or the President. The supervisors colluded with the management of the society in their misdemeanours. The property statement on which the whole credit of the society is to be based is prepared by the society and it is bound to be the most unreliable statement as it is prepared by borrowers. The duty of the supervisors is to check the property statement periodically and rectify the defects. Rarely supervisors bother about the property statement. In the Karunguli society when I asked for the property statement, I was told that that book was missing. And yet the borrowing capacity of the society was based on this important statement. It is important, therefore, that supervision should be vested in the hands of a disinterested and independent agency. Financing banks are not suited for such control because representatives of the societies are on the board of management of control banks. In the present state of affairs, it is important that the co-operative department should take up the



supervision work though it may be an added burden on the Government. The money spent in this direction would be money well spent. The failure of the co-operative movement is mainly due to a vigorous policy of deofficialism in a country where the sense of public spirit has not yet developed as in the West. Hence selfish motive and personal interest were given free play in a movement which could only thrive in an atmosphere of mutual good will, free from greed and jealousy.

Another reason why the department should take up supervision is this. Audit is carried on by the department and the defects pointed out in the audit report can be effectively carried out if supervision of societies is vested in the same agency. When the societies are based on an efficient footing and when the villagers realise sense of responsibility, the work of supervision can be vested in a non-official body. Specialised public auditors in co-operative accounts may be recruited on a provincial scale under the Provincial Co-operative Union or Institute, which may pool the audit fees levied on all societies in the Province, appoint a graded and competent staff to audit and to advise on the lines of the continental co-operative auditors. At present it is necessary that a separate chief auditor who is immediately responsible to the Registrar of Co-operative Societies should control the auditors of societies. The Deputy Registrar who controls the auditors in his district is responsible for the proper conduct of the societies in his district. Hence it is not conducive to efficient working if the auditors are controlled by him.

### *Liability.*

As we found in an earlier section most of the co-operative societies in the province are based on unlimited liability. The liability can no longer be enforced against any society so long as it retains its corporate character. It comes into operation only after liquidation of the society and for the purpose of issuing contribution orders even against non-defaulting and non-indebted members with assets when the loans cannot be recovered from the borrowers themselves. Liability enforced in this manner scares away good and solvent residents in the villages from joining the society and many good non-indebted members left the society. The vigilance and mutual knowledge of each other's affairs are fundamental principles of unlimited liability and they are absent in the present day villages. The plea that if societies are limited in character,

central banks will not lend them does not hold good because, urban banks and sale societies based on limited liability are financed by the central banks. Unlimited liability has not yielded at any rate in our country, the moral and material results that were expected of it. In practice it is not easy of enforcement. It has not proved a greater guarantee to creditor against loss than limited liability. In fact it has kept out intelligent and propertied men who would have been invaluable in managing the societies efficiently. Hence unlimited liability in the Madras Presidency should become the exception and not the rule especially when societies of a multi-purpose character comprising a wide area are becoming popular. In Great Britain and the United States of America, liability is strictly limited. As Catrill says "the question of unlimited liability is not a matter of principle but of expediency." Wherever unlimited liability is properly understood and voluntarily accepted as in Denmark, Holland and Finland where members chose unlimited liability in spite of their being allowed to have any kind of liability, it is best to leave such societies undisturbed. In general it is best to adopt a less rigorous and less abstract liability with more substantial safeguards. In a joint memorandum by some members of the co-operative committee it is rightly said "if it is considered that the confidence of the money market can be retained only by having some more security for the creditors than the paid-up share capital and reserves of the society, then we may provide for a fixed reserve liability, say twice or thrice the paid-up share capital. Here every member knows the extent of his liability and the co-operative contribution he has to make to the common deficit of the society."

#### *Property Statement.*

The property statement is a very important document to be maintained by an unlimited liability society. The Townsend Committee remarked that they observed a general lack of thoroughness in the preparation and revision of property statements. Recently the circular passed by the Registrar regarding the maintenance of property statement is a little encouraging. According to the circular the property statement should not only include figures showing the assets and liabilities of the members but should also indicate clearly their repaying capacity mentioning accurately the income of the members. In the matter of new societies, central banks should be asked to instruct the supervisors to examine the correctness of the property statement very carefully and

to test its accuracy by independent enquiries in the village. The supervisors should collect reliable and correct information from the village officers. The information so obtained should be tested by independent enquiries in the villages. The periodical revision of the statement should also be made more systematic and thorough. The property statements so revised with the help of supervisors should be sent annually to the financing banks and unions. The supervisors should be asked to certify to the correctness of the statements whenever they are prepared. The Registrar considers it necessary, that the Central Bank should appoint special officers who will go round the cities soon after the revised property statements have been received by the banks and check the correctness of the statements. At least he expects that a test check of some statements should be made. Regarding the checking of the correctness of the statements by the department during audit, the Registrar believes that the statement if it is to be accurate, should not be prepared by the general body but by the office bearer. The auditor should gather as many members as possible, read out the statements to them and verify the correctness. The auditor should also make independent inquiries in the villages and satisfy himself of the accuracy of the particulars.

The circular of the Registrar lays down clearly the need for proper checking of the property statements. If the numerous checkings of the statements are properly carried out, there is every possibility of correct property statements being placed on record. It is because of false statements that societies are overfinanced more than their real borrowing power and individuals too are overfinanced. The result is with the economic depression they have increased the arrears in societies.

#### *The Problem of overdues.*

This leads us to the question of overdues and the problem of effectively tackling them. In the scheme of reorganization of rural co-operative credit society, the question of the accumulated debts of members presents a real difficulty. Reference has already been made to the increasing amount of overdues in agricultural societies.\* The position is not quite encouraging as may be seen from the following statement (In this statement the overdues of land mortgage banks, credit societies,

\*Vide Appendix II—Table 47 on overdues.

purchase and sale and other agricultural societies are taken into consideration).

Year .	Percentage of balance (principal overdue) to demand by members to agricultural societies.
1927-28	42.71
1928-29	40.72
1929-30	46.00
1930-31	65.16
1931-32	62.95
1932-33	67.09
1933-34	70.28
1934-35	68.12
1935-36	65.35
1936-37	58.76
1937-38	55.45

The principal reasons for the overdues have been examined while we examined the working of the primary credit societies and central banks and the defects of the societies. The main reasons have been summarised by the Townsend Committee. They are.

- (1) Bad harvests;
- (2) Illiteracy and ignorance of co-operative principles in primary sociteies, and indifference of Panchayatdars who are in many cases themselves defaulters;
- (3) The lack of proper supervision due to ill-paid and ill-equipped non-official staff;
- (4) The sudden withdrawal, without due notice, of the department from supervision;
- (5) Failure to recognize the financial and co-operative responsibility on the part of Central Banks;
- (6) An exaggerated sense of security in the minds of financing institutions, which is based on a wrong impression of the implications of unlimited liability; and failure to realise the seriousness of the results of enforcing that liability;
- (7) The lack of proper attention to the granting of extension;

(8) The granting of loans without proper consideration of their purpose, and of the repaying capacity of members;

(9) Benami transactions;

(10) The fact that, even when penal interest is levied the rate of interest charged is lower than the market rate in many districts, and members who have also borrowed from money-lenders in consequence repay the latter first. Decree interest is also lower than the market rate; execution proceedings present much difficulty, and the low rate of interest encourages defaulters to raise every possible obstacle;

(11) The failure to take prompt and sufficient steps for the recovery of overdues."

As already described, in many societies examined in the South Arcot District, overdues were due to bad management and the benami transactions of the Panchayatdars. A case in point is the Karunguli Co-operative credit society. In recent years the continued fall in agricultural prices has reduced and even wiped out the margin of profits.

The endeavours of central banks and societies to lighten the burden of overdues and recover the loans from members took several forms. The concessions given to borrowers are enumerated in an earlier section. Briefly they are the reduction in lending rates, waiver of penal interest, examination of every loan in the D class societies and an accurate estimate of their assets and liabilities, writing off bad debts and grant of long-term instalments. Execution of decrees in the case of members who are in arrears is another method of collecting overdues. The progress with regard to the departmental execution of the decrees and awards for the past five years is as follows:—

	Number of execution petitions.	Amount involved Rs. (Lakhs)	Amount collected. (Rs. lakhs)
1933-34	14783	28.40	3.65
1934-35	27807	51.97	10.65
1935-36	39433	72.35	14.76
1936-37	42631	73.99	17.01
1937-38	43527	70.56	16.40

There appears to be inordinate delay in the execution proceedings. There has not been very appreciable reduction of overdues by depart-

mental execution. Such action taken against members defaulting deliberately will be both salutary and effective. But where arrears are the result of the poor repaying capacity of the members such drastic action has no effect. Execution of awards has led to the conversion of the overdue loan into owning of immoveable property by the bank. Purchases for cash at sale held by the departmental officers are very rare. Cash purchases take place only when the adjacent owner of the properties, or some one interested in the particular property knows and feels that he is purchasing the property for a mere song. In all such sales for cash, the amounts realized bear a small proportion to the worth of the property. The departmental officer's execution is not popular with the people though the same may be acceptable to the societies. He identifies himself more often with the society as against the debtor and is not able to shake off the impression that he is there to protect the interests of the society. Thus departmental execution in the reduction of overdues is not satisfactory.

Many solutions have been put forward for the collection and scaling down of overdues. When loans given for short and medium periods have unfortunately become long-term loans by non-payment, but the borrowers have some assets to offer as security for these loans, they may be scaled down to the extent possible and the balance put on a long-term basis by obtaining fresh mortgage bonds for such periods as may be decided upon in each case, having regard to the size of the loan and the repaying capacity of the borrower. The creditors should be assured about the repayment of their deposits by smaller collection on the new basis. So it has been proposed by some that the central banks concerned should provide themselves with some long-term funds either in the form of actual long-term money raised, or in the form of assurance of provision for such funds from the Provincial Bank. It is said that the most suitable way of dealing with the question is for the Provincial Bank to raise when necessary funds needed by the central banks, by floating debentures at  $3\frac{1}{2}$  or 4 per cent. But the question is whether it would be wise for the Central bank and the Provincial Bank to deal in long-term loans when there is another agency to deal with such loans.

The Reserve Bank in its Statutory Report recommended "that the overdues and long-term loans should be separated and put on a proper footing" and stated that "these overdues should be brought down to a



level at which there was a reasonable prospect of repayment out of profits of agriculture within a reasonable period, say twenty years, partly by writing them off from reserve and other funds and partly from recovery from sale of part of the member's assets and spreading out the remainder into instalments and transferring them to some special agency equipped to deal with long-term credit facilities such as a land mortgage bank." The Reserve Bank realises the fact that it would be difficult to follow this course when the funds of the societies are not sufficient to cover the losses. The Statutory Report says "Where this is the case it is better to face the facts and decide what agency can best bear the losses. Liquidation of the society is by itself no solution as even after selling up the members, the result may only be the acquisition of land by the society and the losses may still be left uncovered. Liquidation also not only kills the society but brings the movement into disrepute and leaves a void in the structure of agricultural finance. It is better to follow the bolder policy of deciding at the outset what losses are inevitable and make provision for recovering the rest in easy instalments. Side by side with this reconstruction, it is necessary that the societies should be reformed."

There has not been any satisfactory progress till recently regarding the transfer of loans of members of village credit societies to the primary land mortgage banks. The following statement will give an idea of the progress:—

Year.	Amount of loans issued by primary land mortgage bank.	Amount of loans of members of village societies transferred to mortgage banks.	Amount of long term loans outstanding against members of village societies at the end of the year.	Of the amount in column (4) amount over-due.
	Rs. lakhs.	Rs. lakhs.	Rs. Lakhs	Rs. lakhs.
1936-37	38	1.75	224	125
1937-38	35	1.73	215	115

More loans could not be transferred because there has not been a systematic and exhaustive examination of the loans of members of the



village credit societies in order to transfer such loans to land mortgage banks; the test applied by land mortgage banks regarding title, valuation, repaying capacity, net income etc. was not adhered to by primary societies in the grant of loans; indebtedness of many members far exceeds the amount the land mortgage bank can easily and reasonably give with reference to the extent of land owned and offered by them as security; in some cases societies and central banks are rather anxious to retain their business which might possibly suffer to the extent to which the transfer of debts is made; in some of the old village credit societies which seem to be just like small land mortgage banks there is provision for accommodation even upto Rs. 2,000; the heavy share capital to be paid in a lump to land mortgage banks, and the impression amongst the villagers that land mortgage banks, will not sanction small loans below Rs. 1,000 and that they accommodate only the comparatively well-to-do. An enquiry was undertaken by the Central Land Mortgage Bank during the year 1932-33 to see if the long-term loans in ordinary village credit societies could be transferred to the Central Land Mortgage bank. The suggestions made to overcome the difficulties in the matter of transfer are:—(1) Co-ordination between the local co-operative unions, the land mortgage banks and the central banks either by securing more or less identical area of operations for the land mortgage bank and the local co-operative union or by having the same set of office-bearers for the two institutions or by posting suitable land mortgage bank supervisors who will work in close co-operation with union supervisors or bank inspectors. Systematic and vigorous propaganda should be carried on by the staff of these institutions; (2) Employment of additional staff by primary land mortgage banks to expedite the disposal of loan applications for small amount; (3) Extension of the period of repayment from twenty to thirty years so as to reduce the amount of equated instalments; (4) limitation of individual maximum borrowing power to Rs. 500 in places where land mortgage banks are working. Village societies should confine themselves to short term and intermediate loans and refuse loans for discharge of prior debts exceeding Rs. 100 or any other prescribed limit; (5) smaller value of shares in land mortgage banks; (6) the effacing of the impression that small loans would not be favoured by land mortgage banks by encouraging applications for small loans; (7) The adoption of a more liberal policy in respect of the ceded districts by accepting rainfed lands as security up to 50% of their market value and making provision for extension of time

for repayment of instalments during years of acute famine. If these suggestions are closely followed, there is every possibility of transferring a great number of loans to land mortgage banks and the problem of overdues would be effectively tackled.

It has been found that, in the execution of awards for the recovery of arrears, societies and liquidators have come into possession of a vast extent of lands. The following statement will give a rough idea of the position.

		Wet Acres	Dry Acres	Houses	Value Rs. (lakhs)
Societies	..	4254	9248	2654	15.65
Liquidators	..	750	2528	463	2.69
Total	..	5004	11776	3117	18.34

The management of the lands either by societies or central banks has been found to be extremely difficult. The Karunguli Co-operative Society which had acquired lands for arrears of payment, was not able to manage the lands profitably. A proposal was made for the creation of a Trustee Bank for clearance of overdue debts and for management of lands, but it did not find general favour. Another proposal was that the lands in the possession of societies should be transferred to the Provincial Bank for a period of five years while the Central Banks should manage the lands in their possession till such time as they are disposed of when there is a rise in prices. In 1938 the Board of Management of the Provincial Bank decided to help the Central banks financially in the process of transfer of lands in their possession to original owners or their relatives on the rent-purchase system with equated payments as in Burma, spread over twenty years. For that purpose the Bank was authorized to raise long-term money for twenty years by the issue of uncovered debentures bearing interest not exceeding 4½% to the extent of five lakhs. The scheme was recommended for trial in some select areas. The Central Land Mortgage Bank did not favour the proposal of the Provincial Bank because it might result in a conflict of interests and there would be a competition in the floatation of debentures. Moreover, the Provincial Bank is intended for the supply of short-term

finance and it will be against the principle of co-operative banking to lock up the funds of the Provincial Bank needed for short-term purposes.

Just about this time, the Reserve Bank of India published its third bulletin on "the Recent Developments in the Co-operative Movement in Burma with suggestions for their applicability to India." The Burmese scheme of dealing with overdues may be briefly described here. The Registrar first scaled down debts to what could be recovered from the income of the members within a reasonable period, say fifteen to twenty years. In this connection Government co-operated and was prepared to bear any loss in scaling down as this afforded a chance of recovering the rest. Moreover, Government paid off all the depositors of the Provincial Bank and was the sole creditor to the Bank. A thorough enquiry was made into the financial condition of all societies and the assets and liabilities of each member. Lands in the possession of members and societies were valued and the repaying capacity of members ascertained. Only loans equal to the present market value of the lands were left outstanding against each member and the rest which could not be recovered written off. Loans reduced to the market value of the lands were then spread out into ten or fifteen instalments according to the paying capacity of the members. The Registrar asked the members to surrender their lands to societies and the lands were in turn leased to the members on a hire-purchase system by which the rents due each year should equal the instalment fixed. At the end of the stipulated period when all instalments were regularly paid the lands were returned to the original owners on a nominal payment of a rupee to satisfy legal formalities. Members who defaulted did so at the risk of losing the lands. The scheme was very popular and members who lost their lands and left the societies joined them again. Even outsiders joined the societies and took leases of the lands in the possession of societies. Thus the societies and central banks saddled with lands were able to get back their lands and the members who thought that their lands were lost for ever got them back. Instalments were allowed to be paid in kind and the marketing of the produce was carried on in a very easy way by negotiating with brokers at the threshing floor if a godown was not available. Besides many other reforms were introduced into the co-operative society and we need not discuss them here.

Some modification has been suggested for the adoption of the Burmese scheme by India. In Burma where the Government was the cre-

ditor of the Provincial Bank, it was easy to reduce debts. But in India where the Central bank has to repay the depositors, the only possible method is the utilisation of share capital, reserves and deposits of societies and the reserves and share capital of the banks for debt conciliation. As far as possible it must be observed that the depositors of central banks are not put to any loss. In India as Government does not supply funds, the question of long-term funds arises where the financing bank does not possess sufficient capital or long-term deposits. The Reserve Bank suggests that the question of raising funds by debentures and paying off short term deposits should be considered. When the purpose of such debentures is revealed there is every likelihood of such debentures not being subscribed or a high price may be asked for them. The Reserve Bank rightly believes that these disadvantages could be counteracted if the Government guarantee the debentures. Another method is to convert the existing deposits into debentures. In hard cases the permission of the Registrar may be taken to repay the deposits in full. Though the Central Land Mortgage Bank is the proper agency to finance this scheme, it cannot do so because the Bank can lend only up to 50% of the market value of the property. Hence either Government should supply the finance necessary or guarantee the debentures. An amendment in the Land Mortgage Bank Act to lend in such cases to the full market value of the lands is desirable. But then the problem of tackling variation in the prices of lands arises. To get over the difficulty of a member losing his instalments if in the middle he defaults, it has been proposed that after every one-fourth of the total number of instalments has been paid the member should be returned one-fourth of his land.

The Burmese scheme of rent-purchase has been adopted in a modified form in the Central Provinces and Berar and Bombay. It is very essential that in the Madras Presidency this system of rent-purchase should be adopted by banks which are saddled with lands.

In order to reduce overdues it has been suggested that repayments may be made in kind. The MacLagan Committee on co-operation was of opinion that grain payments should be confined to the strictest possible limits as it would complicate accounts and afford opportunities for loss and fraud. Mr. W. R. S. Satyanathan in his Report on Agricultural Indebtedness said that if only societies accept payments in kind, the overdues would be reduced rapidly. In Burma, in the process of reconstruction of societies, one of the conditions imposed is that repayments

of instalments should be made in kind as in the case of money-lenders. The Society unlike the moneylender took only just the quantity of produce necessary to meet the long-term instalments. Moreover payments in kind enable the societies to sell the produce of the members in bulk. The contention that variation in prices of commodities would upset calculations is met by the Reserve Bank which states "The member should be given to understand that though for convenience the amount of produce he has to pay is fixed before hand, what the society needs is the amount of instalment equivalent in value to the long-term instalment and the crop loan he has to repay and therefore if the amount previously fixed does not come up to this, he has to make additional payments. On the other hand, if the produce given by him fetches a higher price than what is needed, the excess will be refunded to him.... The scheme is intended to educate the members in the advantages of joint sale and to ensure this, repayment in kind should not be absolute but relative to the price obtained, so that the member realises exactly how joint sale benefits him.' The question of storage accommodation came up for consideration of the Burma Land and Agriculture Committee 1938, and it was found that the cost of a society godown was small and the loan required for its construction would probably be easily repaid in three or four years. At present in the Madras Presidency loans are advanced to sale societies for the construction of warehouses though in a few cases village societies have also been granted a subsidy from the Government of India grant for rural reconstruction to enable them to build up village hall which will serve the purpose of godown also. This problem is fully discussed in the chapter on Marketing. It is however necessary that the villagers should be given an opportunity to pay their dues in kind and the difficulties in the way can be easily obviated as the Reserve Bank has suggested.

Where every attempt is necessary to scale down overdues and collect the arrears, it must not be forgotten that the chief aim should be to reconstruct societies so as to prevent further accumulation of overdues. This leads us to the question of starting multi-purpose societies and controlled credit.

#### VI. *Multi-purpose societies and controlled credit.*

The idea of the multi-purpose society is not a new one. Even Raiffeisan's societies aimed at "promoting material well-being and also



preparing the ground for the moral and religious activity". Raiffeisen stressed the fact that the "bank, directly or indirectly, should be the centre of village life." Catrill in his Report on Agricultural Credit and Co-operation says: "As contemplated by Raiffeisen, the local society was apparently to represent a co-operative organization which primarily furnished credit to its members but which also bought their agricultural requisites, sold their produce, provided machines for common use, and even engaged in production. In the society were to be concentrated in effect the economic forces of the village community. Experience proved that while especially the supply of agricultural requisites may be suitably carried on as a department of the village bank, other co-operative undertakings involving technical skill in their management and considerable capital liabilities are best taken in hand by societies independently constituted." Nicholson in his report on Land and Agricultural Banks speaks of the ability of village banks to act as agents and brokers for their members in the sale of produce and purchase of necessaries. The model by-laws of credit societies in India have as their main object the borrowing of funds from members or others to be utilized for loans to members for useful purposes and for their secondary object the following (1) to act as agent for the joint purchase of the agricultural, domestic and other requirements of its members and for the joint sale of their produce; (2) to purchase all implements, machinery or animals for hire to its members; (3) to disseminate the knowledge of the latest improvements in agriculture, handicrafts and weaving, and encourage its members to adopt them; and (4) generally to encourage thrift, self-help and co-operation among the members. But these secondary aims however imposing on paper are not at all attended to by the credit societies. There is no statement of the number of credit societies participating in non-credit work. Regarding the purchase of implements, machinery etc., for the members and the dissemination of knowledge of the latest improvements in agriculture, handicrafts, weaving etc., by the credit societies no information is available from the reports of the co-operative Department. But in the matter of joint purchase and sale, in the year 1937-38, the societies bought on behalf of their members agricultural and other requirements to the value of Rs. 10,434 and sold agricultural produce to the value of Rs. 1,318. When we consider the average buying and selling by the 10,450 credit societies in 1937-38, the figures are ludicrously low being less than a rupee of buying by each society and .13 of a rupee of selling by each society! It almost amounts to saying that the

credit societies did not undertake this kind of business. As regards the encouragement of thrift the following table will throw some light.

		Rs. Lakhs.
Share capital	..	51.46
Deposits from members	..	8.50
Loans and deposits from non-members	..	16.62
Loans from other societies	..	258.48
Loans from Government	..	3.07
Reserve fund	..	77.46
Other funds	..	21.53
Total working capital on 30-6-1938	..	<u>437.12</u>

Deposits of members constitute the real voluntary savings of members. Share capital represents the compulsory savings of members. The average voluntary savings of a member amount to Rs. 1.70, if the share capital also is taken into consideration. The savings amount to Rs. 12 nearly. Considering the starting of the co-operative credit society in the Madras Presidency more than three decades ago, the savings of the members speak very poorly of the capacity of the village credit societies in the matter of encouraging thrift. The conclusion is that though credit societies were allowed to take up non-credit work, they absolutely neglected that side of co-operation. During the examination of some of the co-operative societies in the South Arcot district, the writer found that in all cases the provisions relating to joint purchase and sale and those relating to thrift were actually scored off the bye-laws. The weakness of the co-operative movement and one of the main reasons for the accumulation of overdues is too much concentration on the credit side of the societies. Hence sufficient stress should be laid on the importance of activities other than credit in the village society.

#### Criticism.

One of the main criticisms against the formation of multi-purpose societies is that the multi-purpose functions that could be taken by the village credit societies were not discharged properly not because of want of power under the by-law but due to want of human material and other factors. "When there is a dearth of men to run simple credit societies, can it be anything more than a pious wish to see comprehensive multi-



purpose societies set up in every village?" The answer to this question is, because of dearth of men to man single credit societies, multi-purpose societies are advocated. The incomes of the present credit societies are very low, nearly Rs. 50 per annum. In some societies there is no income at all. Hence these small societies are very weak and are unable to maintain a paid staff. Most of them depend on the supervisors and bank inspectors to help them in the maintenance of accounts. Too much work cannot be expected of honorary workers. Hence it has been suggested that a well-paid clerk for a group of societies within a reasonable area should be appointed to carry on the routine work. At present there are many educated unemployed in the Presidency and with a little training in co-operative account keeping, these young men will readily take up this work. A multi-purpose society which has a wide area of operation can easily appoint a clerk because the income of that society with its multifarious activities is bound to be substantial. Moreover in a wide area comprising a few villages it is more easy to find honorary workers willing to carry on the work of the society than in a single village. The Deputy Governor of the Reserve Bank of India in a recent statement on the subject remarked "Even those who object to the multi-purpose society are in favour of the Co-operative principle being applied to marketing, purchase etc. They advocate a separate society for each such function. The need for co-ordinating the activities of these societies is recognised but it is thought that this can be done in something like the following manner. Thus, a member who has taken a loan from a credit society would be advised to take his crop to a marketing society which would deduct his dues to the credit society before paying the member for his produce. It would be easy to see how cumbrous and impracticable such co-ordination will be. The most important single cause for the failure of the co-operative movement so far has been the lack of enough good co-operators. When it is difficult to find enough men to run credit societies in villages it would be the height of optimism to expect to find enough men to run a number of co-operative societies. On this ground alone the idea of multi-purpose societies is justified."

Another criticism levelled against multi-purpose societies is that "if the society takes upon itself a multiplicity of functions with financial responsibility for some or all of them, the failure of one line might affect

other lines too".\* In the first place the multi-purpose society which is formed will not in the initial stage take up dairying and other co-operative undertakings requiring technical management and considerable capital. Those special functions will be taken only when the society is fully prepared for such technical management. Moreover it is common knowledge that separate accounts should be maintained for separate functions. So there is no question of financial risk happening to the society. As regards the trading activities, the society will purchase all important requisites on indent system for the benefit of members, but will not trade on the society's account. This system is prevalent in Germany. As Catrill says "In most cases, however, the society confines itself to collecting orders from members, transmitting them to central trading society, advising members of the arrival of goods, carrying out the necessary book keeping and recovering the payments from members on receipt of goods".

The introduction of multi-purpose societies in other countries shows that they are not bound to fail. In Japan and France many of the societies took on themselves varied functions and served as multi-purpose societies over a wide area.

#### *Working of a multi-purpose Society.*

A description of the detailed working of such a multi-purpose society is given in Bulletin No. 2 of the Reserve Bank of India entitled "The Co-operative Village Bank." A short summary of the scheme of a village Bank with multi-purpose activities with slight modifications in essentials may be given here.

The old idea of one society for a village will not be helpful for the development of the multi-purpose society for reasons given in the previous pages. Societies should be formed on a group basis by comprising villages situated within a convenient distance of a radius of two to four miles. The size and operations of existing societies are too small to run them on business lines by employing the necessary staff and building up sufficient reserves.

The aim of the society should be the enlarging of membership so as to bring every family residing in the area of operations under its

\*Mr. K. C. Ramakrishnan—Indian Co-operative Review, January-March, 1938. P. 69.

control. The whole of the village life—not only credit but marketing of crops, supply of necessities on indent system, supply of manure, seed and implements, supply of cheap mechanical and electrical power on collective basis and improving social and religious customs—must be embraced. As the Reserve Bank says “Every avenue of waste should be checked and production must be developed.” The object of the Bank must be to raise the lowest to the level of the most efficient. Proper control and supervision by the financing banks and the Department and the inculcation of co-operative spirit will prevent big members dominating the societies and appropriating large loans to themselves. The societies should as far as possible try to tap the idle capital of the locality by distributing hundi-boxes to the various families in the villages and explaining to them the importance of thrift. Thrift days should be held once in a month and the members should go from house to house collecting money. Such encouragement of savings will, in the long run, result in the thrifty habit of the members. The village bank should aim at the controlled expenditure of their members through recognised stores. The requirements of the members can be met by the society through these stores thus leaving little chance for members to handle actual cash. This will certainly lessen the chances of loans being misapplied. It is very necessary for the village bank to keep in constant touch with the members so that the latter may feel the existence of the bank. In the formation of the village banks care should be taken that they are not started in all places at once. As the Reserve Bank says, they must not be brought into existence “by mere mechanical means but must develop out of a felt want.” So the first bank that is started as an experiment should be done so carefully in a proper area, for any failure of such banks in the first instance will give a bad reputation to the scheme.

The bigger societies with larger functions of the kind envisaged cannot be worked on the basis of unlimited liability. They must be based on limited liability or guaranteed liability, i.e., provide for a fixed reserve liability for each member. For unlimited liability is based on the fundamental idea of the members of a village society possessing mutual knowledge of each other's affairs and exercising some control over their fellow members both in the matter of borrowing and punctuality of repayment of loans. Village life has now completely changed and the new society operating over a number of villages cannot adopt this form of liability.

When a multi-purpose society is formed in a certain area, it should first fix the amount of credit that could be given to a ryot member by determining his credit-worthiness. The property statement prepared and revised annually is the basis on which it is determined. We found in an earlier section that the property statement usually gives an exaggerated account of the assets of the members because they are prepared by the borrowers themselves. The property statement should be checked often by the financing agency and the correctness of the document established. The 'karnam' or the village clerk should play an important part in the preparation of the document. Having established the assets of the ryot, it will be more difficult to determine his liabilities. Separate enquiries should be made of the ryot, the village officer and the leading men in the villages. If some debt is not revealed by the ryot, it will be known by and by when the society which takes charge of the produce of the ryot regulates his spending and discharges instalments of loans. The agricultural demonstrator and the supervisor should visit the villages where the society operates well in advance of the cultivation season and in consultation with the Panchayatdars and the village officers should determine the amount required for cultivation expenses and the yielding capacity of the land of each member and his domestic expenses. It is on the credit-worthiness and repaying capacity of each member that loans should be distributed by the society. The loans required by all the members should be consolidated by the society and a joint application should be made to a central bank for such funds as could not be provided by the society itself. The central bank should provide the funds on a cash credit basis. Loans will be disbursed to members as and when necessary to carry on their agricultural operation. The grant of loans by Central banks on cash credit basis will avoid undue delay in the disbursement of loans to members. As soon as loans are disbursed to members by the society, the supervisor should visit the society to inspect the proper utilisation of the amount by members. It is common in the villages for members to use loans taken for the ostensible purpose of cultivation to a quite unproductive purpose.

When the harvest is over, the produce should be entrusted to the sale section of the village society and any immediate need for money like domestic expenses or payment of kist should be lent out on the security of the produce. The method of marketing of produce has a great influence on the income of the ryot. The most cheap and easy method of

marketing for small holders is to get their produce sold in the village or a nearby centre to agents or firms or big merchants. The village bank can undertake the selling in bulk and can obtain a better price. For those rich members who can afford to pay rents for godowns, the village banks should provide godowns in marketing centres. In the building of these godowns, Government and the financing banks can help with funds. Goods can be stored in these godowns till better prices are available. Advances can be made to members on the pledge of goods in godowns. When the produce of the ryot is sold, the sale section will first clear the cash credit loan of the ryot in the village bank for the year and then disburse other instalments due from the ryot. The surplus, if any, should be encouraged to be deposited in the village bank. His domestic expenses can be met by the stores to which the society is affiliated and adjustments may be made with the society with the result that he will have no necessity of handling cash.

Better farming alone will increase the income of the ryot and make him creditworthy. The Bank can purchase wholesale from the Agricultural Department chemical manure, better seeds, and farm implements and supply them to members at profitable rates. Among the many activities the bank can take up the important question of consolidation of holdings. Joint farming on a co-operative basis can be tried profitably wherever possible. Subsidiary occupation will go a long way to augment his income. He can pursue profitably those occupations which are closely connected with his avocation. The village bank can provide the ryots with small loans to undertake these occupations and can organize the sale of these articles on a co-operative basis.

The village bank can deal only with short-term and intermediate credit. For liquidation of debts and improvement of land, the help of the land mortgage bank should be sought. The Reserve Bank rightly believes that the former function should be undertaken wherever necessary to make the latter possible. Liquidation of debts of a ryot should be taken up only when the village bank certifies to his credit-worthiness and his habits of thrift and sincerity.

#### *Government Aid.*

Measures that should be adopted by the Government to help the village bank in addition to the regulation of moneylending and prohibi-



tion of usury by the Madras Agriculturists' Relief Act of 1938 are as follows: The societies must be given a first charge on the produce raised with the help of the loans advanced, subject to the charge of land revenue. Then only can the co-operative societies hold their position firmly against the onslaught of other creditors, who are naturally more vigilant and more prompt in seizing the produce of the agriculturists for their own dues. In Egypt and the Punjab, the cultivator cannot be sold up entirely for his debts. It is necessary to prohibit attachment and sale by creditors of the agriculturist homestead and a minimum holding should be prescribed by law in all parts of India. A rural insolvency law on the lines suggested by the Royal Commission on Agriculture and the Indian Central Banking Enquiry Committee should be introduced. If the creditors refuse to submit themselves to the conciliation board within a year of the passing of the Debt Conciliation Act, they must be compelled to present their case to a Court for adjudication and if they fail to do so the debts must be deemed to have been discharged.

#### *Finance.*

Regarding the financing of the multi-purpose societies it has been suggested by the Revenue Minister of Madras, Mr. Satyanarayan of Alamaru, and the Reserve Bank that small banking unions of societies should be formed. Though the Reserve Bank does not suggest the scrapping of central banks and replacing them by banking unions, the former two suggest such drastic methods. On this question the Deputy Governor of the Reserve Bank said "If the central banks as at present organized are found fit to exercise these functions, well and good. We have nowhere advocated that district central banks should be scrapped and replaced by banking unions. If, on the other hand, it is proved that by its very size and organization, the district bank is incapable of fulfilling these functions, then it will have to be replaced by a banking union. It is far too early to come to any categorical conclusion on this matter." It has been already pointed out that the replacement of the central banks, which are the envy of other provinces, by some other agency will be a step in the wrong direction. The defects in the movement are not at all due to the central banks. The multi-purpose societies can very well be financed by central banks and inspected and supervised by them.

#### *Some promising societies*

Already in the Madras Presidency, in G.O. No. 2633, Development, dated 27th November, 1937, Government agreed to the Registrar's sug-

gestion that provision might be made in the bye-laws of select credit societies for better farming, better business and better living and have ordered that the Registrar should see that these objects are always kept in view and worked for by societies. Certain amendments were made to the bye-laws of certain societies which are working well.

The first society that was started on the lines of the Reserve Bank of India's scheme of co-operative village bank is the Alamaru Co-operative Rural Bank, Ltd., opened by the Hon'ble Mr. T. Prakasan, Revenue Minister, on the 27th February, 1938. A description of the bank is given in the Administration Report of the Co-operative Department for 1937-38. "The society is on limited liability basis with the ten villages in its area of operations. Its object is to undertake all activities conducive to better farming, better business and better living. During the year the society was engaged in credit activities only. It proposes to undertake non-credit activities also during the current year. Propaganda is carried on in the villages by organizing public lectures to agriculturists. The All India Spinners Association has opened a branch in this society, to supply khaddar to its members. Cloth to the value of Rs. 200 was supplied to members during the year". Co-operators in this province look to this Alamaru Rural Bank managed by a veteran co-operator as a beacon light in the progress of co-operation.

Examination of some of the files in the Co-operative Department on the working of the co-operative societies revealed that some credit societies in Salem, Coimbatore, West Godavari, Cuddappah and Trichinopoly introduced multi-purpose objects in the bye-laws and were actually carrying out those objects. Such societies can easily be turned into multi-purpose societies operating on a wider area.

The two important societies in the Salem District descriptions of which are necessary here are the Mallasamudram and Mallur Co-operative societies. About the middle of 1937, the Reserve Bank of India wanted the Registrar of Co-operative societies to send them a description of the best co-operative credit society in the Presidency. The Deputy Registrars of Co-operative societies sent a description of the best societies in their districts and from that list the Reserve Bank arrived at the conclusion that the best society in the Madras Presidency was the Mallasamudram Co-operative credit society.

The Mallasamudram Co-operative credit society:—Started about the end of 1919, the society has now 446 members on rolls with a paid-up



share capital of Rs. 7,452. The society has a maximum borrowing power of Rs. 50,000. The most important feature of this society is that it works purely on the deposits of the members and non-members and gives the lie direct to the feeling that deposits from villagers cannot be used in the transactions of a society. It has an overdraft account with the Salem Co-operative District Bank. The loans outstanding against members amount to Rs. 11,588 under short term and Rs. 38,672 under long term. The overdues of members, Rs. 3,688, is a trifling amount to the business carried on by the society. Even here Rs. 18 only is overdue for more than a year and this amount is covered by decree. This is enough to show that when deposits are raised locally, loans will be granted carefully and recovered punctually. The reserve funds of the society amount to Rs. 7,256 and are invested in the Salem District Urban Bank. The society has taken shares in the Salem District Urban Bank to the value of Rs. 2,200, in the Imperial Bank to the value of Rs. 500 and in the Tiruchengode sale society to the value of Rs. 100. The society gets strains of seeds and other agricultural requirements of members elsewhere and sells them to the members at a cheap rate. It has a sugar cane crusher and four iron ploughs which are given to the members on a monthly rent. It maintains a library and is constructing a godown for stocking the members' produce and a village hall and reading room attached to the godown. The society also conducts a chit fund. There is no delay at all in the granting of loans. The society conducts a ryots' conference when officers of the various departments—Co-operative, Agricultural, Veterinary and Public Health—visit the village.

The members of this society are of opinion that the field of operation of the society may be usefully extended. An increase in its area of operation will not only increase the field of successful co-operation, but also will prove necessary to the society itself. For honorary work is subject to various difficulties and this society has only one clerk on Rs. 12 per mensem and peon Rs. 7. Should a few more surrounding villages be added to it, the society might have enough funds to have a better paid staff.

*Mallur Society:*—This is one of the oldest and best societies in the Salem union. This society has taken up the work of thrift through the homesafe deposits and it is working very well. To make the hundi-box movement popular and to provide incidentally recreation for the villagers every month on the hundi-box opening day, entertainments in the

shape of gramophones and local music are arranged by the society. From the very introduction of controlled credit the scheme is working very well in this society. This is one of the societies distributing high quality seeds to the members. In 1937, seventy-five bags of good cotton seeds were distributed among the members. A sum of Rs. 375 from the common good fund was spent to deepen a well for public use. The society has planned to build a godown-cum-office-cum-village hall. Planting of trees is encouraged and on the tree-planting day, fifty-four members planted 640 trees. The success of the society is due in a great measure to the enthusiasm of the President.

The Panninadi co-operative society of Coimbatore started in 1917 was classified as an A class society during the audit in 1936. It had 216 members on rolls, the majority of them being agriculturists. The paid-up share capital of the society amounted to Rs. 7,552 and the reserve fund Rs. 9,193. Loans to the extent of Rs. 21,742 were outstanding at the end of the year out of which Rs. 1,466 was overdue. The loans due to the district bank amounted to Rs. 1,654 on 30th June, 1937. Deposits including homesafe deposits from members and non-members were obtained to the extent of Rs. 12,851. The society distributed foodstuffs and clothes to members on joint purchase. It has an improved variety of plough for the use of agriculturist members and has a correct weighing machine to weigh the produce of members.

The Tittle co-operative society of Tanjore undertook joint purchase of the requirements of the members and joint cultivation of lands and also selected a few families for introducing better living principles.

These are some of the important co-operative credit societies which can at once be developed into multi-purpose societies by extending the area of operation. The good and honest panchayatdars of these societies will be very useful to the villages surrounding the society if the area of operation is extended. The millenium can be achieved only if there is a change in rural leadership. Multi-purpose societies are capable of producing such philanthropic men and men of character. The Royal Commission on Agriculture sounded a true warning when it remarked "If co-operation fails there will fail the best hopes of rural India."

## CHAPTER 10.

### MARKET FINANCE WITH SPECIAL REFERENCE TO CO-OPERATIVE SALE SOCIETIES

In this chapter the financial difficulties of the agriculturist in marketing his crops and the agency that would provide him credit to market the crops to his best advantage would be discussed.

#### *General Survey*

The disabilities under which the Indian agriculturist suffers in the matter of marketing his produce are not a few. The principal crops grown in the Madras Presidency are paddy among the food crops, and groundnut and cotton, among commercial crops. Tobacco, Coffee, Tea and Sugarcane and the growing of fruits are also becoming important. The area of paddy in a normal season has been estimated to be 10,200,160 acres and the area of groundnut and of cotton are 3,075,230 and 2,284,670 acres respectively.\*

Tanjore, South Arcot, Nellore, Kistna, Godavari and Guntur are the important areas where paddy is grown on a large scale. There are various kinds of paddy grown. In Tanjore there is the short crop of three months' duration and the long called 'samba' of six months' duration. In the South Arcot there are different kinds of 'samba' and 'kuruval' paddy. Nellore 'samba' paddy is famous and commands a higher price than most other paddy. The main paddy harvest is from December to February though one or other form of paddy is being harvested from September to March. It will be curious to note that in some dry parts of South Arcot paddy is grown throughout the year—the main source of water supply being rain. It is generally during the main harvest between January and February that the Government's kist and the landlord's rent fall due. Moreover, the crop is grown in most cases out of short-term loans from the local moneylender or a small merchant or

\*A note on the Economic Resources of the Province of Madras—L. B. Green—  
Director of Industries.

fellow ryot or the co-operative society. As soon as harvest is over, these creditors should be paid. Hence the inability of the farmer to sell as and when he likes. He has to sell earlier than he would like at a time when the market is glutted with the same produce as soon as the harvest is over. The reason is the difficulty of finding proper financing agencies for the marketing of crops and the lack of storage facilities.

In some parts of South Arcot, the grain merchant visits the village and knocks off the paddy at a very low price at the doors of the villager who is not aware of the ruling prices near the village or in the town. In the Kistna District the cultivator himself takes the crop in his cart to the market town and sells it to the merchant for cash on the spot. The anxiety of the villager to return to his village as evening draws near and the expenses that would be incurred by him if he were to stay in the town for a day more force the ryot to sell his produce at a great disadvantage. Sometimes the sale is made through a commission agent, who makes a commission on both sides and a profit on the sale. In places where ryots take advances to grow their crops, the shop-keeper or the moneylender who is the creditor stipulates that the crop should be handed over to the creditor at a rate pre-arranged. Sometimes repayments are made at a pre-arranged rate in kind. The interest in these cases is as high as 50% for only a few months. The result is the villager sows for others to reap. In addition to these, various deductions are made for charges for measuring, for charity etc., not to speak of the illegal weights and measures used.

The trade of paddy is mainly internal and unlike other commodities the number of varieties of paddy is many. Being bulky the problem of transport is an important question in the marketing of paddy. In Nellore where there are the large cultivators, the question of storage is solved by the fact that rice mills in big villages have storage accommodation. So they are able to hold up for a better price.

Of the large commercial crops in this Presidency groundnut comes first. Most of the groundnut grown is exported to foreign countries. The large European exporting firms have their local agents all over the country at the principal groundnut centres during harvest season. While they do not advance towards the growing of groundnut crops, they buy for cash locally. There are no organized markets for this important commercial crop. The ryot themselves bring their produce to the towns in their own carts after decortication by mill or hand or as raw produce,

and sell them to the exporting firms at the price offered by them. As regards prices, a few important European firms who get their private instructions from abroad control prices. The smaller middlemen who buy from the ryots, sell them to bigger merchants who have forward contracts with shipping firms. The forward contracts are generally entered into in July or August for deliveries in November and December. Prices in July and August fall down and they rise up, sometimes even 50% in December with the result that the merchants are hard hit. The exporting firms try to buy up as much as they can at the harvest when there is a rush of groundnuts in the market and a depression in prices in local markets. There is no agency to inform the ryot whether a depression in the prices of groundnut is local or general, nor are there storage facilities afforded to him to enable him to sell at a favourable time. The part played by Co-operative Sale Societies in this connection will be discussed later on. Another factor that contributes to the large divergence between the price paid by the foreign consumers and the money received by the cultivator of groundnuts is the concentration of the produce in a number of local markets before it is concentrated at the port of export.

In South Arcot there is a system of selling groundnuts known as unfixed contracts. The seller takes his produce to the office of the buying firm and receives nearly 80% advance at the day's price. The price will not be fixed. If the price of groundnut goes up, the firm will keep quiet and if it falls the seller will be asked to make good the difference in the advance made. If the seller asks the buying firm to fix the price at a time when the prices increase, the buying firm will evade him by saying that only a limited quantity of bags was asked to be purchased by the foreign importer and so the firm would fix the price for only a portion of the quantity pledged with it. If the price should fall the next day the seller would lose. In Salem there is a time limit of two or three months for the unfixed contract, at the end of which period, the firm demands of the seller to fix the price. If the price is low on that day, the seller stands to lose heavily. The clever agent by his subtle methods keeps the price low. Even before the price of the groundnut is fixed, the produce would have been shipped to the foreign country without the knowledge of the seller. The evil under this unfixed contract is that while the seller should dispose of his produce at a favourable price, the firm that advances money usually does that at a time when the price is favourable to it.

Writing about the exploitation of the ryots by false weights, Mr. Adinarayana Chettiar in his book on the Co-operative Marketing of Agricultural Produce says "In the Vizagapatam District 'garce' is theoretically 13 bags but in actual transactions it is 14 or even 15. In Arkonam Taluk (North Arcot District) I was given instances of groundnut being sold by the ryot at so much per cart-load. In one instance, forty bags were sought to be taken away by the middleman for the price of one 'cart-load'—there being no branch of the S.P.C.A. in that village."

The problem of marketing cotton bristles with the same difficulties as that of groundnut. The principal markets in the Ceded Districts are Adoni, Bellary and Nandyal. In the South, in Coimbatore and Tinnevely, the principal places of market are Tiruppur, Koilpatti, Sattur, Sivakasi, Virudhunagar and others. In the Circars, the principal areas are Guntur and Kanchigacherala. Except in places like Tiruppur where there are Co-operative Sale Societies operating, the produce is usually sold through the middleman. The middlemen used to purchase on the field itself or the ginning factory owners used to send out their agents to the ryot's villages and buy cotton. Sometimes the ryots take cotton to the weekly markets which are attended by the buyers. Small lots of cotton used to be sold at the local ginning factory for whatever they would fetch. In Adoni loans are granted either by the merchant direct or through the village moneylender but much of lending is from one ryot to another. When the lender was the merchant, the sum lent was on the express understanding that the crop was to be sold to him. In Bellary the 'dallals' or commission agents dominate the market and give considerable advance to cotton growers on condition that the produce should be sold through them. The 'dallals' themselves borrow from the Marwaris at a high rate of interest but occasionally at a lower rate from the Imperial bank. The dallals usually pay the seller less than the current price in addition to the commission they receive both from the buyer and the seller. The rate of interest charged by the dallals is very high. The weights used not only in towns but in villages are notoriously inaccurate. In addition there is the common deduction for charity, weighing charges etc. In Coimbatore ryots sell direct to consumers as well as through commission agents.

Regarding other crops, the marketing of tea, tobacco, coffee and perishables is important. The principal places where tobacco is grown are the districts of Madura, South Arcot, Tanjore, Kistna, Godavari,



some parts of Salem and Coimbatore and Guntur. Tobacco can be sold only after curing. The ryots cure the tobacco and sell it locally as other produce. But in Guntur where the Imperial Tobacco company tried to raise the crop locally but failed, the bulk of the trade is the monopoly of this one firm which handles a major portion of the trade in tobacco both in India and England. This firm advances to ryots for building barns and for purchases of coal stipulating that the tobacco cured in the barns should be sold to it. The tobacco is sorted into four standard grades by the firm. The complaint of the ryots was that they were kept waiting for a long time at the place where tobacco was inspected and in the end the price offered to them might be reasonable or lower than the reasonable rate. As there is no open market for the type of tobacco grown there, and as there are no rivals to the firm operating in Guntur, the price is fixed by the Imperial Tobacco Company which has its own limits of purchase. When that limit is reached, the ryots find it difficult to dispose of their produce profitably. In many cases there are several intermediaries between the ryot and the exporter. European market quotations of prices are not available to the ryots. Moreover the grades of Indian Tobacco are not standardised.

Coffee is confined to Coorg, Nilgiris and Shervaroya. The larger producers are the European planters. A large portion of the crop is exported to London and the planters have to depend on London firms. The industry needs large advances. The big tea estates have their own factories and ship the produce to London themselves or through agents. The small grower of tea has to sell his produce to the factory.

Jaggery is an important article of commerce in Madras, and the Anakapalle co-operative society does good business in it. As the price of jaggery goes up after harvest, it is better to provide storage facilities for jaggery.

In the marketing of perishables, plantains, potatoes, mangoes, betel-leaves and onions are important. The main difficulty in the marketing of these products is their perishable nature and the difficulty of controlling distant markets. The mussalman merchants in Mettupalayam and Nilgiris advance money to the ryots growing potatoes on the condition that the crops should be sold through them. The two problems are the high rate of interest charged by these mussalman moneylenders and the difficulty of storing potatoes without allowing them to perish. The same difficulty of storage presents itself in the case of onions.



Many varieties of cheap fruits like pears grown on the hills of South India do not fetch adequate prices to producers because of want of organisation. Transport charges of these fruits from the hills to the plains are prohibitive. Mangoes which are important are sent in a large quantity to North India. The fruit is packed in baskets and despatched in wagon loads to avoid pilferage. But this method of packing mangoes is not satisfactory. Organisation in marketing of mangoes will result in putting some additional money into the pockets of the poor ryots. In Vellore and Chittoor the prices of mangoes are ridiculously low because of the middlemen who advance small sums to the growers and get the whole produce into their hands. The trade in betel-leaves is a very lucrative one, and the difficulty of getting a reasonable price is the absence of sale depots in distant purchasing centres.

*The Middlemen.*—From the brief description of the marketing of produce in this Presidency it is evident that the middleman dominates the market. In the existing order of things the middleman has certainly played an essential part in placing the produce before the consumer. But the difficulty arises when there appear far too many middlemen on the scene than are warranted. The middlemen just like the money-lender have wrested all the profits from the ryots. In many cases the middleman or trader lends to the ryot for cultivation purposes with the main aim of getting the business. The result is the ryot is at the mercy of the middlemen to whom he must sell. The rate of interest charged is very high. As Mr. Satyanathan says, "This type of middleman makes a double profit. He profits by lending as well as by buying, if such a term as buying can be used for the coercive methods adopted by this wily class in forcing the needy and ignorant ryot into parting with his produce." Lack of warehousing facilities and cheap credit on the security of produce compel the ryot, soon after the harvest when there is a great demand on his resources, to part with his crops to the middlemen.

In the marketing of commodities like cotton although the seller may be present during the actual sale, he is ignorant of the offers made by the buyer or his agent as the allowance for dirt is usually settled by the agent of the seller. Usually this middleman has a secret understanding with the buyer or his agent and if he gives him a good allowance, he favours him. Thus the interests of the seller are sacrificed by the very person whom he trusts.

In South India it is common for the ryots to meet obstinate 'mandi-owners' who force them to sell the produce to them at ridiculously low prices. Mr. Satyanathan in his report on Agricultural Indebtedness in Madras recounts the following common occurrence—"An officer of the Agricultural Department and some others went incognito to a road, along which the ryots were in the habit of taking their produce from a group of villages to town. They watched near a mandi, as the shop of a certain class of middlemen is known. A cart containing bags of groundnut came by. The middleman and his minions came out of the shop with sticks in their hands. While two or three engaged the driver and his companions in conversation, the others commenced removing the bags of groundnut from the back of the cart. The cartman and his fellows soon spotted this and protested, saying they wished to sell their groundnut in the town. Their protests were in vain. By persuasion and by threats and even by use of force, this middleman and his men, who might as well be called dacoits, forced the poor ryots to sell their produce to them. The price they paid was fixed by them. No protest by the ryots was of avail. So the ryots with a little money in their pockets turned their empty cart and went back to their villages."

The use of false weights and cheating at the time of weighing is common with the middlemen. Buying in the villages some merchants represent that they would buy at current town market rates but they make up for their cost of transport and profits by a clever manipulation of the weights. There are a bewildering variety of weights and measures in the country. The middlemen generally have various sets of measures and have also a proper set of measures and weights for inspection. The tops of the measures alone are stamped by the stamping party and often the middlemen tamper with the bottom of the measure. In the countryside there are very many experienced measurers who even with the correct standard measures are capable of measuring grains either to the advantage of the middlemen or the ryots in spite of the closest watch. These measurers are previously engaged by the middlemen. Various other methods of cheating are employed by the middlemen in the matter of weightment or measurement. During the survey conducted in the South Arcot District I personally came across mandi-owners of groundnut using the balance to their advantage. While they would be pointing to the unsophisticated ryot the needle of the balance they would press with their legs the side where the weights are placed and thus would knock off the produce for a very low price. Mr. Satyanathan estimates

the loss to the agriculturist by false weighment and measurement at from 5 per cent to 30 per cent.

In addition to these illegal deductions, in South Arcot there is the practice known as 'thallupadi,' i.e., knocking off a good quantity at each lot handled.

Adulteration either by damping the produce or mixing the cheaper variety with a superior variety or mixing the produce with some other stuff is mainly resorted to by the middlemen. The Indian Cotton Committee in their investigations found that this was rampant in the ginning factories. This undoubtedly brings down the value of our commercial crops in foreign markets and it will ultimately affect the poor ryot.

The abuses which have crept into this system of marketing where the middleman plays an important part are so great and injurious that they should be eliminated. As the middleman should perforce continue before any other suitable system is evolved, attempts should be made to replace him by a controlled and organized market. That can be achieved by the Co-operative sale societies as will be described presently.

*Lack of Transport Facilities.*—One of the essential functions of marketing is efficient transport of commodities from the village areas to the railway station and from there to the terminal point. Any credit facilities for marketing without an efficient system of transport will be of no avail. For instance, the Central Banking Enquiry Committee in referring to the bad system of transport in India, observe, "At the time of our report the freight per maund of wheat from Australia to Calcutta is six annas while the railway freight from Lyallpur to Calcutta is Rs. 1-3-3."

Although the road system in India is improving rapidly, village roads are in a very bad state. During the survey conducted in the South Arcot District, I had an opportunity of visiting some of the remote interior villages. There are practically no roads connecting the villages to the marketing centre. During summer the country carts run across the fields and during the rainy season the villages are practically isolated from the towns. Usually the country carts cross the rivers during the summer but when the rivers are in floods there are no means of crossing them. The up-keep of these roads is the function of the district boards; and the condition of the roads in the South Arcot District is the worst

in the Madras Presidency. Of course some villages are connected to the main roads by metalled roads but such roads are not many. "The total mileage of roads in India is 201,000 miles of which 31% is metalled and 69% unmetalled. Compared to the United States of America, per 100,000 population India has 23 miles of surfaced roads as against 383 miles of U.S.A. and the corresponding figures for unsurfaced roads are 55 and 2167 miles. With same territory as New Zealand and 10 times her population the Central Provinces has one-seventh of her surfaced road mileage."\* Moreover, the roads in the Madras Presidency are very unevenly distributed and in many cases communications—road and rail—are duplicated with the result that there is competition. The following table will give an idea of the lack of distribution of roads.\*\*

Number of villages with a population of 1000 and over not on the public road—

North Arcot	..	309
Kistna	..	185
West Godavari	..	213
Guntur	..	417
Coimbatore	..	230

One of the main features of the increased cost of road transportation is the increase of the rate of freight with the distance, seasonal changes, nature of the road and time taken to load and unload goods by the cartman. The following table will give some idea of the Cost.\*

*Madras Presidency (Madura)*

Distance	Charges Rs.	Commodity	Condition of the road
10 Miles	0-4-0 per cart	Paddy	Metalled
6 Miles	2-0-0 for 6 Bags	Cotton	do.
Bellary			
9 Miles	2-4-0 for 6 Bags	do.	do.

\*Agricultural Marketing in India—B. B. Mukerjee.

\*\*Ibid.

\*Ibid.

It must be noted that the cost of transport is higher on unmetalled than on metalled roads. Moreover, it increases the depreciation charges of the carts and bullocks. The Indian Road Development Committee and the Royal Commission on Agriculture emphasised the need for better communications for marketing agricultural produce. The former committee said "good communication in any area will bring new crops within the range of profitable cultivation." The latter remarked "defective communications between the point of production and the local market hinder the movement of goods and make primary marketing costly, the additional charge ordinarily falling upon the shoulders of cultivators." As the Madras Provincial Banking Committee says, much is spent on the maintenance of through trunk roads (e.g., the trunk road from Madras to Chittoor), but for trade purposes it is essential that railway feeder roads should also be sufficiently numerous and in good order. Though at present motor transport is not cheaper than country carts, it is anyhow quicker and much safer than the slow country carts. Hence the development of feeder roads will place a cheaper system of vans and lorries at the disposal of the ryots.

Railway transport is also important for the internal and external trade of India. The principal railways of the Presidency are the Madras and the Southern Mahratta Railway and the South Indian Railway. The M. & S. M. Railway cuts through the deltas of the Pennar, Kistna and Godavari with branches to the ports of Masulipatam, Cocanada and Vizagapatam. Another line of this Railway that goes north-west crosses the cotton areas of Bellary and Kurnool. In the South, the South Indian Railway connects Chingleput, the groundnut areas of South Arcot, Tanjore, Trichinopoly and Madura with Ceylon. North Arcot and Chittoor Districts, Malabar and the groundnut and cotton areas of Salem and Coimbatore are tapped by this Railway. Many big stations on these railways have covered goods sheds and the carts can go close to the goods sheds. Very often in small stations either due to the small sheds or lack of sheds, vegetables, baskets of fruits, cotton and rice are heaped up on the open platform. The marketing of fruits is very much limited by the facilities which the railways offer. With greater facilities, fruits like mangoes and plantains and betel leaves can be carried to long distances. Moreover, the diversity of gauges not only in Madras but in the whole of India causes delay as the goods are to be transhipped often. Regarding the question of freight it is said that in India railway trans-

port costs 50% more on wheat than in the U.S.A. While it costs Rs. 7.5 to move one ton of wheat for 200 miles in U.S.A., on the M.S.M. and the G.I.P. Railways, the charge amounts to Rs. 10.3 and Rs. 11 respectively. Of course the export of rice to Ceylon gets some concession in the South Indian Railway, but those concessions are not very helpful. The Royal Commission on Agriculture rightly remarked that "freight rates are ordinarily the heaviest single addition to the prime cost of produce exported by rail from the area of production. In a competitive market, they amount to a heavy charge on the gross price ultimately paid for the produce, and to the cultivator who is selling his commodity at a distance, they amount to a substantial portion of the price he realises at the place of sale." Hence in the organization of marketing the prime necessity is a suitable, cheap freight rate for the various commodities.

The canals in Madras are also useful means of transport. The Buckingham canal connects Madras with the Kistna delta and runs 60 miles south of Madras. Firewood, paddy, shells and salt are some of the important commodities brought to Madras by this canal. The Northern Districts of Godavari and Kistna are connected with a net-work of canals and they are navigable though not all the year round. Vast amount of paddy is taken to the markets and ports and rail centres. For instance the canal Yeluru, a branch of Godavari touches many villages and market centres in the District of Godavari. There is great scope for the development of waterways in this Presidency.

**Finance.**—The method of financing the villager to market his crops has already been described. The middlemen, the merchants, the moneylenders and the indigenous bankers undertake to finance the ryot with the result that the ryot's margin of profits has dwindled very much. The defects of this system of financing have been described in the previous pages. The system of advances on crops with high rates of interest and the condition imposed upon the ryot to sell his crops at a disadvantage to his creditor are the most serious defects in marketing. The petty village dealers obtain credit mostly from town merchants, shroffs and commission agents who charge high rates of interest. The resources of the middlemen are supplemented by short-term credit from Joint stock banks which discount hundis and bills. The indigenous bankers and moneylenders lend money either by discounting hundis or on promotes on personal credit. A detailed description of transaction in hundis has already been given in the chapter on Indigenous Banking. The



hundis of indigenous bankers can be discounted with the Imperial Bank of India, which also grants loans on produce in places where they have branches. A great deal of the produce comes to the hands of the Imperial Bank of India while the indigenous bankers do not lend much in this direction because the rate of interest offered by the Imperial Bank is much lower than that of the indigenous bankers. While the Imperial Bank grants loans and cash credits to merchants two signatures to promotes are required.

The financing of the movement of paddy when it reaches the merchant is done by the Imperial Bank which grants short-term loans on rice and paddy in godowns and the indigenous bankers who facilitate remittances by the grant of hundis and lend on personal credit. There is a large coastwise sea-borne trade in paddy. The millowners or the small merchants, after shipping the goods, draw hundis or bills of exchange on the consignee, which after being accepted are discounted by local banks. The shipping documents are sent to the banks at the port of consignment for delivery to the consignee on payment. Trade in paddy is not organized or controlled because of the various strains of grains, lack of storage facilities and defective weights and measures. "There is only a medley of merchants, big and little, each trading on his own personal credit, borrowing from Marwaris, Multanese and moneylenders on promotes or on produce or jewels or from the big exporting firms and generally at rates which constitute a heavy tax on trade. A curious further practice is followed by some of the Marwari bankers who lend to small merchants and collect not only interest but also commission at three to six pice per bag on all goods purchased by that merchant with the loans so taken."\*

In the marketing of groundnut, as we have already described, the grower takes his produce in his own cart and sells it at the mandi for cash or to the agent of the merchant who tours the village as soon as the harvest is over. In moving the produce to the ports the merchants sometimes despatch it to ports direct to exporters and payments are made to them by hundis on sale to exporters or they may obtain accommodation from the local bankers who will lend on personal credit covered by a hundi which will be sent to the port for collection on the sale of

\* The Madras Banking Enquiry Committee Report, p. 122.



the goods. The exporting agents may themselves buy direct from the ryots, and they obtain funds from the branches of the Imperial Bank of India by arrangement on the security of their own funds or in some cases by sending the money direct by insured post. When the goods are purchased they are put in godowns and funds are raised to make further purchases. The exporting firms on shipping the commodity get advances from foreign exchange banks on the strength of the shipping documents, or if their credit is sound on clean bills. The large exporting firms like Ralli Brothers and the Japanese firms by their own organisation try to eliminate the middlemen by supplying short-term finance for the movement of produce. The system of unfixed contract under which temporary accommodation is provided to the seller has been described in the foregoing pages.

In the marketing of cotton the crop passes from the ryot to the merchant who advances him for domestic and agricultural expenses; or the ryot takes it to the market and sells it to the merchant through the commission agent who may hold the produce in the godown giving an advance to the ryot. If the merchant despatches the cotton to Bombay or other market, payment is made by the drawing of hundi which is collected by the local banker's agent at the place of the sale. When the cotton is not immediately exported a produce loan may be taken on it from the Imperial Bank or other banks.

*Co-operative Marketing.*—Co-operative marketing of produce is of late becoming very popular in the Madras Presidency though it has not developed much. In the West, Co-operative marketing has been a considerable success and the line of improvement can be adopted in India to prevent the various evils of marketing.

*Foreign Countries.*—It has been found that in the United States of America about 23% of the total farm-produce is marketed through co-operative organizations. The system of co-operative marketing is of three distinct classes—(1) the Federated Association with groups of marketing organisations as members (2) the Centralised Association having no intermediate link between it and the growers; and (3) the Federated Exchange which is a selling agency formed by local associations. The Federated type is well illustrated by the California Fruit Growers' Exchange formed in the year 1905. The growers first organis-

ed into local associations which were grouped into District Exchanges and they in their turn formed the Central Exchange. As Mears and Tobriner say "the grower picks, the local association packs, the District Exchange bills and the Central Exchange sells the fruit."<sup>6</sup> As opposed to this is the centralised association of the California Prune and Apricot Growers' Association in which the growers have direct contact with the Association. The members enter into a contract with the associations to supply them with a stipulated quantity of produce and this ensures the associations a definite supply for Co-operative marketing. There are two types of contracts—(1) the Agency contract by which the Co-operative Association is merely an agent of the grower who is the owner of the produce; (2) the more popular type is the sale and resale contract by which the title of goods passes to the association which guarantees a good share to the grower. In the marketing of grain there are the co-operative grain elevators at different centres where cash payment is made to growers on delivery instead of after sale. In the matter of marketing of cotton the Oklahoma Cotton Growers' Association started in 1920 had no share capital but only enlisted members for the securing of their produce under a seven years' contract. A separate association organised on a share basis arranged for the warehousing of the member's cotton. The State Associations have been grouped into the American Cotton Growers' Exchange.

The co-operative banks have been financed by the state. When the Agricultural Credits Act was passed in 1923, the federal intermediate credit banks were authorised to advance to co-operative marketing associations on the security of warehouse receipts, bills of lading etc., up-to 75% of the value of the produce. Under the Agricultural Marketing Act of 1929 the Federal Farm Board was created to cater to the needs of co-operative associations. With the establishment of the Farm Credit Administration, the Federal Farm Board was dissolved and the former was entrusted with the task of providing credit for Cooperative Associations. Under the Farm Credit Administration a central bank and twelve regional banks have been set up to advance loans to co-operative associations both long-term and short-term. In addition to providing finance the Farm Credit Administration placed financial and business experts at the disposal of co-operative associations to help them in the

<sup>6</sup>Principles and Practice of Co-operative Marketing-Mears and Tobriner.

management and organization problems and to develop sound financial policies. The first Report of the Farm Credit Administration rightly remarks "This work is closely related to the credit functions of the banks, since such service makes borrowing co-operatives a better credit risk, and assistance to new and non-borrowing associations is a factor in determining the ultimate success of the whole co-operative movement." This reveals the determination of the Government to see that co-operative associations of farmers are successful. In India where the farmer has not developed to the same extent as his brother in America the need is greater for government control and supervision of co-operative associations. Marketing requires great business tact and it is absolutely necessary for the co-operative sale societies to be guided by experts either from the Reserve Bank or from the Government. If the Reserve Bank takes up this task it can easily develop a first class agricultural paper.

Though Australia prefers the technique of state control to that of cooperation in the marketing of her produce especially wool, wheat, butter, meat and fruits, there are some lessons to be learnt from the co-operative marketing in West Australia. Co-operatively organised primary producers in Australia are represented in London by the Overseas Farmers' Cooperative Federations Ltd., the shareholders of which Association are the Australian Producers' Wholesale Co-operative Federation and the Federated Farmers Co-operative Association of South Africa. The Federation allocates shipments to selected centres and makes delivery to selected salesmen at the points of sale. "The Federation has no monopoly of cooperative business, but it claims to handle about 60 per cent of the wheat, 30 per cent of the butter, 60 per cent of the dried fruits and 20 per cent of the green fruits coming from co-operative organizations in Australia. Its turnover from all sources was £ 85.6 millions for the fifteen years 1920-35 and the year ending March 1935, £ 6.6 millions."<sup>4</sup>

Except in West Australia, in other states it is difficult to distinguish state marketing schemes from co-operative organizations. The majority of butter in Australia is produced co-operatively and there are regional organizations for the marketing of eggs, fruit and other products. The Westralian Farmers Ltd., started in 1914 deals in the supply of agricul-

<sup>4</sup>C. R. Fay—Co-operation at Home and Abroad.

tural requirements and the marketing of wool, livestock, skins, fruits and other produce. The other co-operative bodies in the State are off-shoots of it. By the supply of warehousing facilities and direct sale system by the Westralian Farmers the voluntary Wheat Pool was kept in tact. It is interesting to note that these two associations along with certain other states have a co-operative selling agency on the London Market and with South Australia Farmers' Co-operative Union, own the shipping organisation "Australian Outturns Ltd." Again the Westralian farmers market the dairy produce in conjunction with the co-operative dairy farmers who control the manufacture. This co-operative association with the Producers' Markets Co-operative Ltd. handle fruits, vegetables, poultry and eggs. In India when sale societies develop on a large scale the Australian method of federation can be usefully adopted.

In Canada the Wheat Pool was started as a war measure and the Wheat Board was given a complete monopoly of the marketable crop with sole powers to arrange for its distribution. The Pool was very successful and hence even after the discontinuance of compulsion there was a demand for its continuance on voluntary lines. Vast acres of land were secured by it under contract and elevators and other handling facilities were being acquired by it gradually. It has representatives in all leading countries and 75% of the wheat handled is exported direct. A contract for five years is entered into with the members and the members receive a part price on delivery and the balance on sale of the produce. The Pool sold through a Central Selling Agency styled Canadian Co-operative Wheat Producers and paid to all its members the average price received for the commodity, grade for grade over the marketing period. The greatest change which pooling brought to the farmer was that it relieved him of the difficult task of deciding when to sell. The Pool sold the grain as evenly as possible throughout the year. When standardisation of products is attained in India it is desirable to adopt the method of the Canadian Wheat Pool in marketing important crops.

In the matter of co-operative Marketing in Europe, pride of place should be given to Denmark which, after reorganising her agricultural economy, on a co-operative basis, has built up her marketing organisation with state aid. The strength of Denmark lies in the marketing of dairy produce and the economically allied bacon and eggs, such organi-

sation being buttressed with very efficient societies for the supply of agricultural requirements, with consumers' stores, insurance, stock-breeding, milk control and testing societies. The high degree of specialisation,—societies confining themselves to a single function and handling a single commodity,—characterises the Danish movement. Primary societies are grouped into the Commodity Associations which are in turn federated into the Central Co-operative Council. The Commodity Associations have no share capital but are on the principle of unlimited liability and are able to borrow capital from the banks on their unlimited liability. The stability of the associations is assured by the members entering into a contract for marketing their entire produce through the associations for a long period. The produce is pooled before marketing. In 1937 there were in Denmark "1362 Co-operative dairies and sixty-two Co-operative bacon factories receiving over four-fifths of the milk and bacon pigs of Denmark."

In Germany primary credit banks in villages undertake the selling of grain while a group of banks in the country pool their commodities and start grain elevators. Specialised regional marketing societies on commercial lines are developing. The state has stepped in and has made the societies handling different commodities like wheat, dairy produce, fruit and vegetables, part of a state-marketing scheme. The dairy societies have been rapidly increasing and, under the State milk regulation scheme, are becoming a form of marketing monopoly for milk and its products.

*India,—Bombay and the Punjab.*—In India not much headway is made in the sphere of co-operative marketing. Before discussing in detail the sale societies in Madras, the Co-operative marketing of Cotton in Bombay and the commission shops of Punjab may be briefly described here. The cotton sale society at Hubli, started as a seed store to push on the cultivation of improved varieties, was assisted by the Department of Agriculture in the proper gradation of raw cotton. As the grower takes the cotton to the society, sample is taken and it is weighed and receipt issued. Superior quality cotton is sold by auction, and inferior quality by private transaction. The society grants an advance not exceeding 60% on the cotton deposited in its godown. The Gaday Sale Society started in 1917 has a number of rural credit societies affiliated to it, and these societies grant short-term loans to their members on con-



dition of marketing their crop through the sale society which in its turn gives an advance on the security of the produce deposited in its godown upto 75% of the market value. Sales during the season are by fortnightly auction. Prices are received telegraphically and on the radio. The Dharwar Central Bank has given a cash-credit accommodation to the society upto a lakh and quarter of rupees and the rate of interest charged is 6¼%. Besides in the off-season the society uses its share capital in advancing selected seeds to cultivators. Grading is done by the officers of the agricultural Department. The society also deals in groundnuts, wheat, javari etc. The Sonsek Sale Society of Surat has its cotton ginned at the Purushottam Co-operative Ginning Factory started by it, at a lower cost with improved quality of ginning. Cotton is graded and the cotton of different members belonging to the same quality is pooled and sold as a lot to buyers. A sales union has been started in Surat with the Cotton Sale Societies and ginning factories as members. The Union organises new sale societies, arranges for better type of seeds, looks after the grading of cotton and above all markets the pooled cotton. The Union by collective bargaining is able to get good prices and sell to the best advantage.

The objective of the co-operative commission shops in the Punjab is the purchase and sale on commission of the seed and other requirements of members, sale on commission of agricultural produce of the members and the promotion of the use of improved varieties of seeds. Membership is drawn both from individuals and co-operative societies. Advance is given to members up to 75% of the estimated market value on delivery of the produce and the balance shall be cleared on the sale of the produce. It is incumbent on the members to deliver for sale the whole of the produce to the shop but the loyalty of the members is at a discount. Though the shop has enabled the cultivator to market his produce instead of depending on the village dealers, it does not put itself in touch with exporters but sells only to local merchants. The reason is the absence of pooling or grading of the produce of the members.

#### *Loan and Sale Societies of Madras*

The loan and sale societies are of comparatively recent growth in the Madras Presidency and considering their recent origin some of the societies—e.g. cotton and paddy—have developed satisfactorily. While

there were only thirty-eight loan and sale societies in 1927, the number has increased to 118 in 1938. The number of individual members is 17,276 and societies 1660 and their paid-up share capital amounted to Rs. 1.84 lakhs. Between 1937-38 the loans advanced to members are Rs. 62.12 lakhs as against 26.16 lakhs in 1936-37. But the loan and sale societies have confined themselves mostly to the issue of loans on the pledge of produce and have not developed marketing seriously. In the opinion of the district officers of the Co-operative Department the factors which retard the progress of co-operative marketing are as follows:—

- " (1) Lack of quick transport facilities and good rural communications to ensure the movement of crops from villages to marketing centres ;
- (2) the influence of middlemen (merchants) with the ryots on account of the advances they make to them and the consequent obligation of the producers to dispose of their produce to them ;
- (3) want of adequate storage facilities in certain areas and the difficulties felt by sale societies in owning granaries or godowns ;
- (4) lack of facilities for or difficulties involved in pooling, grading etc., of the different varieties of crops raised (e.g. paddy) ;
- (5) Lack of propaganda and the consequent ignorance of the ryots about the existence of sale societies, their objects and usefulness to them, their methods of work etc. ;
- (6) a general lack of business talent in the personnel of the committees of management of sale societies or lack of businessmen even among the paid employees of the sale societies (whom, by the way, the societies cannot afford to employ in many cases owing to the inadequacy of their financial resources) ;
- (7) want of loyalty on the part of the members of sale societies to sell their produce to the society for one reason or another (in some cases, it is stated, due to the absence of any



marked difference between the village and market prices, or doubtful increase in prices of such produce as paddy, by holding it up) ;

- (8) location of headquarters of sale societies in places other than marketing centres ;
- (9) dependence of sale societies practically on the local markets owing to the smallness of their transactions, which does not permit of their undertaking real marketing ;
- (10) difficulties felt by the societies in competing with long-established exporting firms which have practically a monopoly of the market particularly in commercial produce ;
- (11) lack of direct contact between sale societies and big consuming centres and of knowledge of internal and external markets."

Hence the working of some of the representative sale societies may be examined.

*The Tirappur Cotton Sale Society.*—Possibly the biggest society in the Presidency, it is situated in the important cotton market of the Coimbatore District. The area of operations is the Coimbatore District. Originally started as an agriculturists' supply society it gradually undertook the introduction of Cambodia 2 cotton and the marketing of members' produce. Its members are both individuals and village credit societies numbering nearly 70. Crop loans are supplied by the village societies on condition that the borrowing ryots bring to the sale societies a stipulated amount of cotton. Recently an auxiliary organization of the sale society called the Cotton Growers' Society which gives short-term loans to individual members of the village credit societies are usually on the basis of unlimited liability. The Sale Society does not undertake to gin cotton and sell it as lint. It has a manager experienced in cotton trade and an agricultural officer to look after the agricultural side of its business. The total quantity of produce handled by the society in 1934 is as follows\* :—

\*T. Adinarayana Chetty—Co-operative Marketing of Agricultural Produce in South India.

Karunganni cotton	..	164 pothis
Cambodia	..	1502 "
Lint from non-seed farm	..	175 candies 248 lbs.
Karunganni	..	96 candies 96 lbs.
and seed farm	..	483 candies 334 lbs.
Ragi	..	484 bags
Coriander	..	237 bags
Chillies	..	201 bags

The society is allowed a cash-credit by the Coimbatore Central Bank but it has few occasions to use it as it is able to attract deposits at a lower rate of interest. The society agreed to sell 'kappas' only to three dealers and such a limitation of market obviously tempts buyers to combine. It also employs a broker as an intermediary in selling and thus defeats the object of eliminating middlemen.

The society has undertaken to work the seed multiplication scheme for the expansion of Cambodia 2 cotton area in this Presidency and thus to facilitate pooling and grading. The scheme was worked from 1932 to 1937. Six agricultural demonstrators and a business manager were in charge of the scheme and the cost was met partly by Government and partly by the Indian Central Cotton Committee. Each society through which the seed was supplied to the members should be a member of the sale society and loans for cultivation expenses were given by the societies. Every member was expected to take his produce to the sale society. The ryots were expected to bring their kapas at the ginning factory selected by the society and they might either sell the kapas to the dealers selected by the society or gin the produce and stock the lint in the godown and sell the seeds to the society. The dealers who purchased the seed from kappas should get them ginned at the society's factory and sell the seeds to the society if necessary. The Indian Central Cotton Committee ceased to finance the scheme in 1937 and the society is carrying on the work with the help of the Agricultural Department, the Co-operative Department and District Urban Bank. This scheme is expected to introduce an improved strain of seeds in the area and this will help in grading and pooling the produces for marketing.

*Koilpatti Co-operative Society Ltd.*

Started in 1926 the area of operations of this society is Koilpatti, Tinnevely, Sankarankoil and Srivalkuntam Taluks of Tinnevely District and Sattur, Srivilliputhur, Aruppukkottai Taluks of Ramnad. The number of members according to the Departmental inspection report of January 1939 was 39 societies and 638 individuals, including 39 ryot merchants. The authorized share capital is Rs. 1 lakh made up of shares of Rs. 5 each. The aggregate indebtedness of the society shall not exceed 70% of the value of the produce pledged to, and in the custody of, the society or the amount of loan given to members on the security of such produce, whichever is less. The Central Bank allowed a cash-credit of Rs. 1,25,000 to the society under open loan system.

The Society undertakes to advance loans up to 70% on the pledge of the produce and sells them at a favourable market. The rate of interest on loans to members is  $5\frac{1}{2}\%$  while the rate charged by the Central Bank is 4%. The commission charged on sale of produce is 12 annas per cent and the insurance charges on sales are at 0-1-3 per month for every Rs. 100. The society owns a godown built with the help of a loan from Government and from the free grant from the District Economic Council and another on a leasehold land in a local ginning factory. No rent is charged for storing in godowns if the produce is sold within four months. If the period of storage is exceeded, the rate charged is 0-0-6 per borah for the first four months and 0-1-0 for the remaining period. Out of the seven directors of the society five are merchants and the Department is keeping a careful watch on the sales of the society to detect any misusing of powers by the directors. This feature of domination of merchants in the management of the society detracts from the otherwise efficient working of the society.

Controlled credit scheme has been introduced in ten societies within the area of operations of the Sales Society. A sum of Rs. 10,525 has been disbursed as loans to members. The area brought under the scheme is 1040 acres and 1050 'pothis' of cotton kappas to an estimated value of Rs. 15,750 is expected to be handled.

The produce transactions between 1-4-38 and 31-1-39 are as follows:—

		Kappas		Lint		Cotton seeds		Value Rs.
		Pothi	Thulam	Candies	lbs.	Pothi	Thulam	
Opening balance on								
1-4-33	..	37	6	358	9	—	—	70990
Received during the								
period	..	3774	5	970	538	787	8	151252
Released and sold								
during the period	..	3811	11	1037	17	787	8	173590
Balance as on..								
31-3-33	..	nil		291	550	nil		46588

It is estimated that the society is responsible for marketing of about 25 per cent of cotton arriving at the local market. A statement of the progress of the society from 1933-34 is given in Table 56, Appendix II.

**Tapeswaram Crop Loan and Sale Society:**—The Society was started in March 1935 and operates in 34 villages within an area of ten miles from Tapeswaram. The objects of the Society are (1) to advance loans to members on the security of their produce (2) to arrange sale of produce of the members to the best advantage (3) to rent or own godown to facilitate the grant of loans to members and sale of their produce and (4) to act as agent of those members which are affiliated societies in the matter of receiving for safe custody in the godowns or elsewhere the produce pledged to such societies by their individual members. The members of the Society consist of ten societies and 204 individuals.

The commodities dealt in by the society are paddy, jaggery and pulses (green gram, black gram and red gram, horse gram, gingeli etc.). Loans are given up to 75% of the market value of paddy, 80% of that of jaggery and 60% of that of pulses. The following statement will give the nature of business done:—

	Paddy	Jaggery
<hr/>		
Nature of produce pledged as on 30-6-38		
Quantity	.. 33454 bags	1276 baskets
Value	.. Rs. 1,25,534	Rs. 4,016
Amount of loans	.. Rs. 88,674	Rs. 2,280
Loans disbursed from 1-7-1938 to 8-1-1939		
Quantity	.. 10173 bags	—
Value	.. Rs. 40,589	—
Amount disbursed	.. Rs. 29,616	—
Loans realised from 1-7-1938 to 8-1-1939		
Quantity	.. 31240 bags	1276 baskets
Value	.. Rs. 1,19,429	Rs. 4,012
Amount	.. Rs. 82,669	Rs. 2,280
Outstanding on 8-1-1939		
Quantity	.. 12387 bags	—
Value	.. Rs. 46,694	—
Amount	.. Rs. 35,527	—
<hr/>		

The society issued loans on the pledge of produce stocked in the godowns either owned by the members or rented, under the lock and seal of the society. The pledged stock is duly insured against fire, the policies standing in the name of the society. The society has recently constructed a jaggery godown with state aid.

The loanable fund of the society consists of loans from the Ramachandrapuram Central Bank for Rs. 29,722 and cash-credit from the same Central Bank up to Rs. 10,000. The rate of interest charged on borrowing is 4%. The amount disbursed to members between 1-7-1938 and 8-1-1939 is Rs. 29,616 at 5½% rate of interest.

The affairs of the society are managed by a Board of Directors. An executive committee of three members including the President and the

Secretary generally scrutinise all the loan applications and decide to advance loans. Marketing of produce commenced from October 1938 and from 12-10-1938 to 8-1-1939 the position was as follows:—

Name of the Produce	Quantity	Sale price on the date of sale	Value as on date of loan
		Rs.	Rs.
Paddy ..	1664 bags	7195-8-0	66077
Jaggery ..	839 baskets	3538-9-0	25177

The marketing of the members' produce is not done to any appreciable extent when compared with the quantity of produce released in the same period. Even the produce so far marketed by the society seems to have been done to the local merchants. Effort should be made in this direction on a more satisfactory basis.

*The Nellore Paddy Sale Society.*—This is the first attempt made for marketing of paddy in the Province. The area of operations comprises the whole district and the objects are to advance loans to members on security of produce, to sell members' paddy to the best advantage, to act as agents of member societies and to prevent adulteration. The membership of the society includes 21 agricultural societies and 89 individuals. The sale society has made a special arrangement with a private rice mill to get its paddy milled at a lower cost than the market rate. The Society pays the ryot an advance up-to 60% of the market value of paddy deposited and supervises its milling and arranges for the sale, making a commission of 12 annas per putti. Though the business is well managed the turnover of business is not great because of the absence of loyalty on the part of co-operative stores which are lured away by the slightly lower prices offered by the merchants. The merchant is able to undersell the society by adulterating the famous Nellore 'Molaguru-kulu' rice with inferior varieties. If some arrangement can be made with the Triplicane co-operative stores and other stores for taking the produce of the society, it can have a stall at Madras with the reduced freight offered by the M. & S. M. Ry. Propaganda work may be undertaken by supervisors if a subsidy is given by the Provincial Bank.



Godowns in groups of villages may be recognised and loans issued as in the case of Chidambaram Paddy Sales Society.

*Chidambaram Paddy Sales Society.*—Though the Society has not developed the marketing side of paddy there are certain admirable features of this society which can be profitably followed by other sale societies dealing in paddy or other grains.

Started in 1936 the area of operation of the Society is the Chidambaram Taluk and the number of members is 717. Unlike most other co-operative sale societies in the Province dealing in paddy which were unsuccessful owing to heavy incidental charges for the borrowers to cart the paddy to the society, to provide gunny bags and to pay godown charges, etc., besides the interest charged on loans, the Chidambaram Sale Society has minimised cartage and dispensed with other charges by establishing branches in various big villages to which the borrowing ryot has to deliver the paddy. Paddy is stored at these centres of the society in mud granaries called 'cer' so common in village parts. Each centre is placed in charge of a responsible Committee of three to five members residing in the area and they execute an indemnity bond to the society in respect of security. A common watch is provided at a cheap cost. The success of the scheme can be gauged when we consider the progress of the sale society. The number of centres in 1937 was 21 and the amount lent out to members was Rs. 34,893 of which Rs. 33,049 was recovered leaving a balance of Rs. 1,849 on unsold paddy. In 1938 and 1939 the numbers of centres increased to 32 and 39 respectively and the amount lent out and recovered were 74,048 and 73,106 and 1,57,746 and 1,55,365 respectively. The loans taken from the Central Bank for the three years are Rs. 23,987, Rs. 52,535 and Rs. 1,27,996 and the rate of interest charged during the three years went down gradually from 5% in 1937 to 4½% and 4% in 1938 and 3% in 1939. The rate of interest charged to members correspondingly went down from 6% in 1937 to 5% in 1939. The gain to the members by pledging the produce to the society and selling it at favourable time is remarkable. In 1939 when paddy was pledged to the society the price was Rs. 1-12-0 per 'kalam'. When the loan was discharged by the members the price of paddy ranged from Rs. 1-15-6 to Rs. 2-3-6. The value of paddy estimated on the day of the pledge in 1939 was Rs. 1,89,580 and its value when the loan was disposed of was Rs. 2,31,811. The aggregate profit to members is Rs. 42,231.



The net gain of the agriculturist after deducting the interest on loan, insurance charges etc., is Rs. 20,264.

The one chief defect of the society is that it does not combine marketing with credit to a great extent. The paddy pledged in the various centres is sold by the ryots themselves at what they consider favourable time for selling. The society does very little in finding the buyer to the ryot. The reason is the lack of storage facilities in the town and the difficulty in handling a heavy commodity like paddy. Moreover, the society has not attempted to supply to members improved grains of a few variety and this stands in the way of pooling and grading the produce. Anyhow attempts are being made to sell the whole produce of the members through the society. The sale of the produce will be from the town where warehousing facilities will be offered to members who will have to bring their own produce from the various centres in the carts of the Sale Society. Gunny bags and other requisites will be supplied by the society. Sealed tenders will be issued and the produce will be sold by auction to the highest bidder on the particular date. If the price does not suit the ryot he may hold the produce in the godown for a longer time. The godown rent and the commission on sale will be very moderate. If this scheme is put into operation it is expected that most of the members will sell through the society. Already funds are being collected for erection of a godown.

It is necessary that the society should launch on a system of controlled credit described under the chapter on co-operation. Already loans are being issued by the society on standing crops.

The success of the society is mainly due to the educated and enlightened office-bearers of the society. Dr. B. V. Narayanaswamy Naidu, Professor of Economics, Annamalai University, is the President of the Society and the Secretary and some of the members of the Board of Directors are either lawyers or engineers or enlightened mirasdars. Much depends on the directorate for the proper working of a society.

#### *Suggestions.*

The various defects in the working of the sale societies have been analysed. Some of the suggestions for the proper working of sale societies may be given here. The area of operations of the sale societies varies with the kind of produce dealt in and with reference to local

conditions. The area of a paddy sale society is generally a taluk with branches in the firkas while in the case of groundnut and cotton the area extends to a whole district or the tract in which the crop is grown. The Reserve Bank of India envisaged the formation of large central sale societies with village societies taking up marketing. In the fixing of the area of operations for a sale society three things must be taken into consideration—scope for business, availability of persons to manage the societies and the nearness to big markets.

At present a margin of  $1\frac{1}{2}\%$  between borrowing and lending rates of societies is allowed. The Madras Provincial Bank lends at 3% to Central Banks for financing sale societies if the latter lend to the borrowers at 5%. The establishment of sale societies has brought down the rate charged by commercial banks which have opened branches in rural areas and lend out at low rates of interest. In view of the competition from commercial banks, sale societies should try to make money available to the ryots more quickly and provide for storage and transport of produce. The difference between borrowing and lending rates should be only sufficient to cover expenses. To bring down interest charges on borrowings the share capital of the society should be increased.

The by-laws of sale societies provide for the grant of loans up to 70 to 75% of the market value in the case of food crops and 60% in the case of commercial crops placed in the custody of societies. The factors that should be guarded against are that loans should not be given for very large amounts, as that would benefit only a few. A limit of Rs. 5,000 may be fixed but the factors that should determine the loan should be the liability to damage and deterioration of quality in storage, charges for godowns, insurance against fire etc., and market risk of fluctuation in prices.

#### *The Problem of Storage.*

The construction of godowns by sale societies is not encouraging in spite of the grant and subvention by Government. Twenty-five per cent of the estimated cost of the godowns is given as a free grant and the balance is given as a loan at  $3\frac{1}{2}\%$  repayable in thirty years. In deserving cases Government have also been giving similar grants to village societies for the construction of godowns. On the 1st January 1939 out of 128 sale societies in the Presidency only twelve societies constructed godowns the cost of which was a little over  $1\frac{1}{2}$  lakhs. Thirty-three

societies have had proposals on hand for construction of godowns at an estimated cost of Rs. 2.75 lakhs. The reasons for this poor progress are that a good many sale societies are not financially strong and cannot afford to meet three-fourths of the cost of construction of the godowns. In such cases government should be prepared to bear 50% of the cost. Difficulties are felt in the purchase or acquisition of sites and in such case Government land (Poreamboke) should be freely assigned to sale societies.

In this connection it will be useful to discuss briefly storage facilities. There is a general inadequacy of storage facilities in some of the districts like East Godavari, West Godavari, Guntur, Nellore, Bellary, Anantapur, South Kanara, Malabar etc. The argument against the construction of godowns is that the small ryot has not enough grain to take to the godowns and has not the capacity to meet the cartage and godown charges. It must be noted that the co-operative sale societies can easily accommodate these small ryots in their godowns or the village credit societies can afford them such facilities, when cheap and small godowns are constructed in the villages. Facilities for warehouses in shandies, where a large number of small ryots meet weekly to sell their produce, may be provided. The rich cultivator who has a large quantity of produce can easily afford to store his produce in the godowns in the towns and profit out of the facilities of such storage. The question of grading and mixing of stock will not arise in the case of warehouses used by these rich ryots.

The Central Banking Enquiry Committee (Report) recommended that the question of providing warehouses by private agencies, licensing them and affording financial assistance to them should be taken up by the Provincial Governments. The United States of America in 1916 enacted the United States Warehouse Act with the object of encouraging the proper storage of agricultural produce and sound business practice and of making the warehouse receipts negotiable, which is a boon to cultivators. Public warehouses which stored agricultural produce were licensed under this Act. The warehouseman should furnish a bond of an amount fixed by the Government. The warehouse must have facilities for correct weighment and measurement and should allow itself to be inspected by Government. On depositing his produce in the warehouse, the cultivator will receive a receipt giving details of the weight and grade of the commodity and the receipt could be used as collateral

security against loans issued by banks. The Act was extended to many commodities and the storage of produce increased very swiftly. Mr. B. F. Madon's Bill published by the Central Banking Enquiry Committee (Report) is intended to introduce such independent warehouses based upon American model in this country. It is essential that at the outset every help should be given by Government e.g., guaranteeing a moderate dividend to start such independent warehouses, and facilities should be provided by Government for the inspection of such godowns which wish to be licensed. The warehouse receipts will become first class credit instruments which could be rediscounted by the Reserve Bank.

It has been suggested that the Reserve Bank through its Agricultural Credit Department and in collaboration with the Imperial Council of Agricultural Research undertake the starting of suitable warehouses. The cost of such warehouses, it is pointed out, should be met out of the profits accruing to the Issue Department of the Reserve Bank of India.

Another suggestion is that railway companies should construct warehouses in important railway stations and place them at the disposal of the sale societies and the public for a nominal rent in the initial stages. Railway receipts should be made negotiable and the receipts should give full description of the goods. Municipalities or local boards may consider the advisability of constructing godowns and of giving them on rent. Closely connected with warehousing facilities are pooling and grading, the importance of which has been discussed in the foregoing pages.

Returning to the suggestions for improving Co-operative Sale Societies, it must be the aim of sale societies to get better prices for the producers by conducting the business on a large scale. A central Co-operative union staffed by businessmen should be started for the smaller societies for the disposal of produce in the distant markets. There should be a by-law in the society compelling every member to sell all his marketable produce through the society. Such a provision for compulsion is made in the Bombay societies. The success of a sale society depends upon expert business management. The persons employed should be thoroughly honest and possess previous business experience. A sale society should as far as possible pool members' produce on the basis of standard grades under the Agricultural Produce Grading and Marketing Act.

*State Aid.*

In addition to Cooperative marketing, other methods of promoting marketing in foreign countries are by state aid. Among the methods by which the state helps the agriculturist are "tariff protection, financial aid to Joint Stock Companies for effecting the purchase and sale of the produce, valorisation, centralisation and regulation of exports, supporting a high inland price by the state monopoly of sale and international agreement and bilateral and multilateral treaties." India having no political and economic freedom is not in a position to adopt these methods. Some of the measures passed by the Government in this country to assist marketing are the Agricultural Produce Act of 1937 by which grade standards are being drawn up according to specifications. Grading of tobacco, rice, oranges, mangoes etc. is being gradually undertaken. Regulated markets are being introduced under the Madras Commercial Crops Markets Act of 1933 and the Act is being extended to such agricultural commodities as cotton, groundnut and tobacco. A Provincial Marketing Society has been started to co-ordinate the work and stimulate marketing activities and to ensure the direction of supplies of primary sale societies. A Central Marketing Board has been organised and a large staff of marketing officers appointed both in the centre and the provinces. Investigation is carried on by these boards under which the principal commodities like cereals, oilseeds, tobacco, fibres, fruits and animal husbandry products are at present being examined. Demonstration of any improvements suggested as the result of marketing studies is undertaken. Assistance is given to the establishment of grades and standards. These measures by Government do not compare favourably with the measures in foreign countries.

*Conclusion.*

Above all The Reserve Bank of India Act should be so amended as to make provision for the supply of intermediate credit to agriculture through its Agricultural Credit Department for periods varying from nine months to three years. The Federal Intermediate Credit system of the United States of America makes loans for periods not less than six months and not more than three years. In 1925 the Commonwealth Bank of Australia Act was so amended as to create a Rural Credit Department and to authorise the Bank to make advances through this Department to co-operative associations and other prescribed bodies

upon the security of primary produce, or land for periods not exceeding a year. The object was to introduce orderly marketing and to enable the cultivators to withhold their produce to improve the process of distribution throughout the year in the interests both of producers and consumers. The salient features of the American system and the Australian system should be adopted in the advance to agriculture through the Agricultural Credit Department.

Mere financing of agricultural marketing alone will not bring about an increased price for the producer. The many defects in marketing should be first rectified and attempts should be made to eliminate the middlemen by the formation of co-operative sale societies, by the construction of godowns and by encouraging pooling of crops. Such improvement will create a first class agricultural paper which will be easily rediscounted by the Reserve Bank.





## CHAPTER 11.

### LONG-TERM CREDIT-LAND MORTGAGE BANKS

#### *Need for Long-Term Credit Institution.*

In a former chapter, we have referred to the need for long-term credit to agriculture in addition to short-term and intermediate credit. The long-term loans are to be repaid in small instalments out of the profits of agriculture without crippling the resources for current agricultural operations. The greatest difficulty confronting the agriculturist is the lack of financial accommodation for fairly long periods. The loans given by village moneylenders are not for sufficiently long periods, nor can those loans be returned in instalments. The only system of institutional credit is the Co-operative Land Mortgage Bank.

Land Mortgage Banks are of three types-the Co-operative Land Mortgage Bank, which is an association of borrowers, the Commercial Land Mortgage Bank which is a purely commercial concern working for profits and declaring dividends and the quasi co-operative land mortgage bank which partakes in varying proportions the ideals of co-operative and commercial institutions.

#### *Examples of Mortgage Credit in some Foreign Countries.*

The *Landschaften* of Germany are long-term mutual credit banks started in the 18th century. They are co-operative banks the members of which are land-lords. The security on which the bonds were sold was on the collective mortgage of land furnished and on the unlimited liability. The new *landschaften* are ordinary mortgage banks possessing no share capital but are merely syndicates of land-owning borrowers acting as intermediaries in providing capital on the basis of the guarantee which is granted after proper testing of the credit of the borrower and the value of the security. The commission charged for this service is very low. The banks are confined to definite places and thus knowledge of men and land values throughout the district was possible. Loan is granted to a limited percentage of the value of the land. Debentures based on lands are sold through these agencies. The period of loans



repayable in instalments is usually about 53 years. The banks are empowered to take possession of the property and sell the lands without resort to judicial proceedings. The Central Landschaften created in 1893 buys the debentures of provincial associations and issues its own debentures. At present the postal service and some of the social funds invest their funds in mortgage bonds. In addition to the landschaften, mortgage companies are organised and they grant real estate loans.

Even as long as 1800 the United States of America realised the importance of agriculture but until 1863 no serious attempt was made to establish banks to finance agriculture. It is not necessary here to discuss the chaotic condition of banking before 1916. Various commissions in 1908, 1910 and 1913 interested themselves in long term credit facilities to farmers and out of this interest was born the Federal Farm Loan Act of 1916. Two distinct systems of long term credit were provided by this Act. To satisfy the individualists a system of federal joint stock land banks was created. A group of ten persons with a capital of not less than \$ 250,000 could obtain a federal charter to operate a land bank subject to the supervision of the Federal Farm Loan Board. It was allowed to sell bonds not exceeding fifteen times its capital and surplus. The bonds however were not guaranteed by Government. They could lend on first mortgage upto \$ 50,000 to any one borrower, but not more than 50% of the value of land and 20% of the value of permanent improvements. Instalments were spread over a period of not less than five and not more than forty years. The rate to borrowers should not exceed 1% more than that paid on the bank's last issue of bonds, and in any case not more than 6%. All these banks suffered acutely from the severe decline in farm income and land values and their bonds were quoted very low in the market. Some of them were granted loans by the Reconstruction Finance Corporation. The Federal Farm Mortgage Act of 1933 prohibited these banks from making new loans and made provision for their liquidation. This left the field open for the federal land banks of the co-operative type.

The Act of 1916 created a Federal Farm Loan Board which divided the United States into twelve districts in each of which was established a federal land bank. The initial capital was provided by the Treasury in addition to public subscriptions. This initial capital was to be replaced by the subscriptions of the national farm loan associations. These associations consist of ten or more farmers who desire to borrow on the

security of their farms and are prepared to give a first mortgage to the association and subscribe to the stock to the extent of 5% of the loan. The association sells the mortgage to the federal land bank of its district and subscribes for stock in the land bank to the extent of 5% of all loans obtained. The borrower can obtain a loan from \$100 to \$50,000 but the loan must not exceed 50% of the value of his land and 20% of the value of the improvements. The twelve land banks are jointly liable for the bonds issued and are limited to twenty times its capital and surplus. Thus the land banks hold 1/3 of the mortgage debt outstanding. By the Act of 1933 the Farm Loan Board was abolished and a department of Farm Credit Administration assumed responsibility. Under the Emergency Farm Mortgage Act, a farmer can obtain loans direct from the land banks if he is not served by a farm loan association. It granted interest reduction for the federal farm loan borrowers for a period of five years. It allowed federal land bank borrowers to postpone principal payments on farm mortgage loans and allowed the land banks to grant extensions to really worthy borrowers and reamortize such extensions. It enabled farm mortgage loans to be made for as much as 75% of the value of farm improvements and personal property mortgaged. Provision was made for loans to be granted on second mortgage to the extent of 75% of the value of property offered as security. It was enacted that these funds should be made by the Land Bank Commissioner from the funds placed at his disposal by the Reconstruction Finance Corporation. Thus by Roosevelt's recovery programme agricultural borrowers have been given rates which compare very favourably with those in industry.

The Credit Foncier of France started in 1852 acts as an apex bank for the mortgage banks. It is supervised by Government and enjoys special legal privileges. Government treasuries are used for the receipt of its dues, deposits and surplus funds. It pays reduced stamp duty on deeds of registration, transfer of debentures etc. The debentures can be floated up to fifty times the nominal capital. By a system of 'purges' the bank can bring to light any hidden claims on lands and free the title of the real estate from claims of third parties. The debentures of the Bank are repayable to bearer with no fixed time of maturity but repayable with bonuses. For the recovery of loans no ordinary legal procedure is necessary, for its loans are the first charge on land. It can make any system of loaning for agricultural improvement. At present the provision of long-term credit is made through the regional

banks which guarantee the loan and on the mortgage of land the loan is made repayable within 25 years. In addition to lending to societies private individuals can receive loans directly.

The savings and state banks of Australia afford to primary producers financial assistance by means of long-term loans out of the investment of small savings. The Commonwealth Savings Bank of Australia acquired from the state institutions which it absorbed more than £2 million worth of mortgages. It assists the Rural Bank of New South Wales by financing its operations. The State Savings Bank of Victoria is controlled by Commissioners appointed by the Governor in Council. The reserves which the Bank built out of its capital are its capital. Repayment of the deposits with the bank are guaranteed by Government. While the Savings Bank Department engages in the ordinary business of a savings bank, the Credit Foncier Department which issues debentures and stock, of which 60% is held by the Savings Bank Department, lends money repayable in regular instalments over a long period. Farm loans which are for a maximum period of 31½ years are limited to £4,000 (Rs. 42,000 nearly) and cannot exceed 75% of the valuation. Conditions vary for loans on homes and for persons with a certain income. In South Australia the State Bank is controlled by five members appointed by the Governor in Council. It was first established as a mortgage bank upon the credit foncier principle but its activities have been extended. A general banking department was also added. The advances in this department are upon over-draft. A borrower can arrange for a mortgage, which covers a fixed loan from the Credit Foncier Department and an overdraft from the Banking Department. In New South Wales, the Rural Bank was established in 1933 to take over the Rural Bank Department and the Advances for Homes Department carried on by the Government Savings Bank of New South Wales up to 1931. It is controlled by three commissioners appointed by the Governor in Council. The inscribed stock and debentures of the Rural Bank were issued to the Commonwealth Savings Bank. The proportion of long-term loans is about 40% of the total loans and advances. The State Advances Corporation in Queensland, the Agricultural Bank of Tasmania and the Agricultural Bank of Western Australia, which are analogous to the State banks in other states, are State Government Departments. Besides these State Banks for long-term credit, the pastoral finance companies provide both short-term and long-term capital for

primary producers, mainly to wool-growers. The greater proportion of their funds is provided by share or debenture capital and reserves. The life insurance societies or companies invest their large funds in mortgages. A recent development is the combination of a mortgage loan with life policy. The trustee companies invest the trust funds usually in Government securities and mortgages. Thus in Australia the longterm credit needs of agriculture are supplied by different institutions but the state banks are the most important of them all.

#### *History of Land Mortgage Banking*

As early as 1863 the Land Mortgage Bank of India limited based on the type of the credit foncier of France was registered in London and started its operations in the three principal cities of Calcutta, Bombay and Madras. The length of loans was only 7 years and the rate of interest was 7 or 8%. For twenty years the bank was working and at the end of that period died away. Sir Frederick Nicholson, however held in 1895 that land banks were not needed by the ryots of the Madras Presidency. But the Committee on co-operation in 1915 realised the need for the establishment of land mortgage credit associations on the model of those in the European countries. The Finance member of the Government of India in 1919 supported the formation of such banks but was against Government taking up the establishment of such banks on a large scale.

In the same year Mr. Himmigway, then Registrar of Co-operative Societies in Madras, proposed a scheme for the raising of long-term money by the issue of debentures based on the mortgages of unencumbered immoveable property from the members of rural societies through the same co-operative machinery which dealt with short-term lending. The Provincial Bank is to issue debentures on the security of mortgages transferred by primary societies. As this involved the mixing up of long-term and short-term business a modified scheme suggesting the issue of debentures by central banks and dividing the business of central banks and primary societies into two separate departments was suggested. This scheme was however not tried. Mr. J. Gray the then Registrar drew up a scheme for the starting of the primary land mortgage banks and Government sanctioned this scheme in 1925. The principal features of these banks were "(i) limited liability, (ii) restriction of the area of operations to compact groups of villages within six or

seven miles from their headquarters so as to ensure on the part of the directors intimate knowledge of the borrowers and the lands offered as security, (iii) limitation of the borrowing power of the banks to 8 or 10 times their paid-up capital, (iv) flotation of 20 year debentures carrying a rate of interest not exceeding 7% and a fixed charge on the concerned mortgages, (v) fixation of the maximum loan for an individual borrower at Rs. 1,000 with a further restriction that it should not exceed 50% of the market value of the mortgage land, (vi) interest on loans not exceeding 9%, (vii) fixation of the period of loan at 17 years, the margin of three years being provided for against possible defaults of borrowers and (viii) appointment of the Registrar as the Trustee for these banks to safeguard the interests of the debenture-holders." In order to encourage the public to invest in these debentures, Government undertook to purchase an amount equal to that issued to the public subject to a maximum of Rs. 50,000 from any one bank and Rs. 2½ lakhs for the whole Presidency. The formation of these banks was confined to wet districts. A few banks were started in 1925 and soon they began to spread. The Townsend Committee on co-operation and the Royal Commission on Agriculture were of opinion that for the proper working of the bank, a Central Land Mortgage Bank should be started to float debentures. The various kinds of debentures floated by the primary banks militated against the whole scheme. At a certain stage competition among purchasers would raise the rate of interest, the security offered would be low and the whole system of debentures would be brought into disrepute by the mismanagement of a single institution. The main recommendations of the Townsend Committee for the formation of a Central Land Mortgage Bank were "(1) constitution of the bank on a limited liability basis with primary land mortgage banks and individuals as share-holders, the latter for attracting capital and providing business talent and organising capacity to run the bank efficiently, (2) fixation of the dividend on the share capital at a rate not exceeding 7½%, (3) fixation of borrowing power, not exceeding 25 times the paid-up capital, (4) appointment of a trustee to ensure that the bank fulfilled its obligations to its debenture-holders, (5) raising of working capital by the issue of debentures only, which should have a floating charge on all the assets of the bank, (6) guarantee of interest by Government on the debentures issued by the bank in the first five years, (7) debentures to be made trustee securities, (8) fixation of the maximum period of debentures and of the maximum period of loans at



25 or 30 years, (9) loans to be confined only to land mortgage banks, (10) lending rate not to exceed 7%, (11) provision to be made for the disposal of collections either by the creation of a sinking fund or by the bank purchasing the debentures at par in the open market or by periodical redemption of debentures by drawing lots after due notice, and (12) representation of debenture-holders on the Board of Management." Based on the recommendations of the Townsend Committee, the Madras Central Land Mortgage Bank was formed in 1929 with primary banks, and individuals as members. The bank was given the right to issue interest-bearing debentures on the security of the mortgages executed by borrowers in primary land mortgage banks and assigned to it by them. From the beginning Government gave many facilities to the Central Land Mortgage Bank by guaranteeing debentures and by placing the service of certain officers at its disposal to inspect primary mortgage banks. The Co-operative Land Mortgage Banks Act of 1934 has given powers to the bank for the speedy recovery of arrears and certain legal powers for the sale of mortgaged land without the intervention of the Court and some privileges in paying to the creditors of mortgagors direct.

### *Organisation*

The membership in a primary bank is confined to persons who own agricultural land in the area of operations of the bank. These banks are based on share capital and limited liability. The present jurisdiction of a bank is generally a revenue taluk. The executive management of the affairs of the bank vests in a board of directors consisting generally of seven elected members and members nominated to the board. The nominated members have the same rights and privileges as an elected member. The villages in the jurisdiction of the bank are divided into convenient groups and a member residing in each group is elected to the Board. In all new banks the first set of directors is nominated by the Registrar. The ultimate authority in all matters relating to the administration of the bank will be the general body of the members who will meet at least once a year.

The administration of the Central Mortgage Bank vests in a Board and is subject to the control of, and delegation from, the Board in an executive committee. The Board consists of fifteen members of whom the Registrar of Co-operative Societies shall, *ex-officio*, be one. Six members of the Board will be elected from among the individual mem-

bers and six from among the representatives of the share-holding mortgage banks, and two will be nominated by the Registrar with the approval of the Government. The anomaly in the Registrar nominating two members lies in the fact that the Registrar himself is a member of the Board. The Board will settle all details in regard to the period of repayment of loans granted by them, the instalment for repayment, the rate of interest, the penal interest to be charged on overdue instalments etc., and will be in charge of the general administration of the bank. The entire administration of the bank will be vested in an executive committee consisting of six members under the control of the Board. The executive committee will deal with all applications for loans received from mortgage banks, obtain from the Registrar full information regarding such banks and see that loans are granted to them with due care and caution. The ultimate authority in all matters will rest in the general body consisting of ex-officio and nominated members of the Board, individual members and delegates representing mortgage banks.

#### *Loans of the primary Banks*

The funds of the bank are composed of share capital, loans from the Central Mortgage Bank and entrance and other fees. The share capital of each bank is fixed and is composed of A class shares of Rs. 10 each and B class shares of Re. 1 each. The holders of the latter have no power to vote. The liability of the members of the bank is to be limited to the share capital subscribed by them. The total borrowings of the banks should not exceed twenty-times the paid-up share capital and reserve fund.

Loans are given generally for the following purposes: redemption of mortgages, discharge of other prior debts, improvements of land and of methods of cultivation; and purchase of lands in special cases on condition that such purchase will enable the ryot to round off his holding and work it more economically. In practice all loans advanced are for the discharge of the old debts of the borrowers. The maximum amount of loan that a member can take is Rs. 10,000. Subject to this maximum a member is eligible for a loan not exceeding 20 times his paid-up share capital. Again the loan given to a member on the mortgage of his land should not exceed three-fourths of the estimated net income from that land during the period of the loan. Every loan is to be secured by a mortgage of lands and should not exceed 50% of the estimated market



value of such lands. The mortgage is to be without possession. The land mortgaged to the bank as security should have no prior encumbrances except the mortgages to be redeemed by the loan given by the bank. The period for which the loan is granted should not exceed 20 years. The loan may be repaid either in equated instalments or in annual instalments together with interest due on the amounts outstanding from time to time. A loan granted should be applied for the purpose for which it was given. Misapplication will at once entail the closing of the loan account. The board of directors may call in a loan at any time they like irrespective of the term for which the loan was granted if they think that in the interest of the bank the loan should be closed.

*Procedure in regard to sanction of the loans.*

Normally applications have to pass through various stages before the loans are granted. A loan application in the prescribed form is first referred to the directors for investigation as to title, valuation, repaying capacity etc. The applicant should send with his application all available documents of title; two members of the Board of Directors will inspect the lands proposed to be mortgaged and will submit an accurate estimate of the market value of the lands and the income from the lands and the repaying capacity of the borrower. In actual practice, in many banks, the directors do not inspect the lands. The preliminary investigation conducted by the supervisor is usually taken by the directors as correct. When a loan application appears to be a fit case, an encumbrance certificate for 23 years in respect of the lands to be mortgaged is obtained from the office of the Sub Registrar. There is a legal adviser to each bank and the papers are then sent to him for legal opinion regarding the applicant's rights to the property offered as security. The Hindu law is so complicated that it is necessary that before granting the loan the rights to property are properly defined. When the legal adviser returns the record to the bank with his remark a final report is prepared by the bank for submission to the Sub Deputy Registrar who is in charge of the bank. The Sub Deputy Registrar after scrutiny of the papers and inspection of the lands will submit a report. In fact the Sub Deputy Registrar's report is an important one, for the Directors usually assent to the report of the Sub Deputy Registrar. The report of the Sub Deputy Registrar should contain the following information:—

1. The purpose for which the loan is required. If the loan is for the purpose of discharging prior debts, he should satisfy himself that the amount of the loan applied for is sufficient to discharge the prior mortgage debt. The prior mortgagee should be questioned and the exact amount due ascertained from him. In the case for liquidating other prior debts, very careful scrutiny is to be made as to the purposes for which the debts were contracted and evidence should be secured. In the case of improvements of land, he must fully satisfy himself that they are desirable.

2. The adequacy of the security offered for the loan.

3. The applicant's title to the lands offered for mortgage.

4. The encumbrances on them—The encumbrance certificates for 23 years should be carefully examined to find out whether all prior mortgages (except the one to be redeemed by the loan) had been discharged. All the available discharged documents should be filed with the application and in cases where they are lost or are not available, the written declaration of the prior mortgagee that his mortgage was duly discharged should be obtained. It is generally in this enquiry that much of the delay is caused.

5. Verification of village accounts relating to them.

6. The basis on which he has estimated the value of, and income from, lands:—As the report in respect of loans is to be based on this report, this has to be very carefully prepared. The market value of that land should be determined after ascertaining the price of that land or a portion of it in recent years, the rise or fall in the value of the land in the neighbourhood since the date of the purchase of the land, the price paid for adjoining lands which are of a similar type and quality and the points of difference between those lands and the lands to be offered as security (i.e., wells or trees in the lands which appreciated the value of the lands sold), the net annual income from the land, the opinion of the local credit society or of disinterested respectable persons of the locality and the sale value of similarly situated property in Court or revenue auction. As the amount of the loan should be only three-fourths of the total net income of the land mortgaged during the period of the loan, it should be carefully assessed. An examination of the supply of irrigation source will be very useful in this case.

7. The repaying capacity of the applicant—As the annual net income from land will go to cover the annual instalments, the borrower's income from his other lands or from other sources must be ascertained for the purpose of judging his capacity to meet the ordinary needs of his family and special needs of an inevitable nature such as marriages. The principle is that no loan should be granted unless the produce from the applicant's lands is sufficient to cover both his living expenses and the instalments due to the bank.

8. Whether the officer himself inspected the land; and

9. Whether the loan may be sanctioned.

The application for loans with all the records is placed before the Board of Management and the consolidated loan application is sent to the Central Land Mortgage Bank through the Deputy Registrar for Land Mortgage Bank. The Executive Committee of the Central Land Mortgage Bank then examines the application. The legal section of the Bank scrutinises the loan applications very carefully. The decision is conveyed to the primary banks and in cases where loans are sanctioned, registered mortgage deeds are to be obtained in the prescribed form. These deeds will be assigned to the Central Land Mortgage Bank. In addition an assignment deed stating that the primary bank will adopt the same system of repayment as adopted by the borrowers concerned in the mortgages transferred to it should be sent to the Central Land Mortgage Bank. The latter will then place the funds for disbursement to applicants at the disposal of the primary banks. The money will not be paid to the borrowers direct but will be paid to the creditors of the borrowers.

*Sub Deputy Registrar's enquiry into an application.*

An enquiry made by the officer in a loan application No. 15/1937-1938 of the Chidambaram Co-operative Land Mortgage Bank will be interesting to recount here.\* The applicant is Sellagovinda Pillai of Pinnaloor. His family consists of his wife and minor baby, brother and his wife and his mother. He is a cultivating agriculturist. The applicant is not a member of any unlimited co-operative society but is a member of the Chidambaram Paddy Sales Society from which he has

\*From the file in the Central Land Mortgage Bank.

borrowed Rs. 250. A loan from the land mortgage bank would be conducive to the economic benefit of the applicant.

#### *Purpose*

The statement of indebtedness has been filed. Originally he applied for loan of Rs. 950 to discharge the debts on four promissory notes shown in the statement. He has since discharged one note and he now requests the sanction of Rs. 650 only. The total amount of loan payable to all creditors on date comes to Rs. 722-7-6. The debt to the Paddy Sales Society will be cleared by the sale of produce pledged. The extra debt over Rs. 650, the amount for which a loan is applied for, will be cleared from his private resources. The loan from the land mortgage bank will bind his minor son.

#### *Hypotheca.*

The applicant offers as security 5.09 acres wet land situated in Pinnaloor. The assessment paid is Rs. 40-8-0. On inspection, the fields were proximal to irrigation channels. All lands were irrigated by second class sources of irrigation and hence acceptable as hypotheca.

#### *Title*

Three pieces of lands are ancestral to the applicant—one is self-acquired and the other pieces were got by the applicant's mother through a settlement deed. At the time of the death of the father of the applicant, the sons were minors and the "pattas" stood in the name of the mother. She has joined in the execution of the document to the Bank. The encumbrance certificates are filed. There are no subsisting encumbrances. The title is safe.

#### *Value*

The applicant has not valued the hypotheca. The surveying director has valued the hypotheca at Rs. 1645. Sub Deputy Registrar's valuation is Rs. 1,374.

#### *Income.*

(a) *From Hypotheca:* The applicant cultivates his own land and, in view of the fact he and his brother work on the land, the cultivation

cost works out to a minimum. The average yield per acre is 30 'kalams' paddy.

	Rs.	A.	P.
The total yield for 5.09 acres is 152.7 kalams and the price at Rs. 1½ per kalam is	..	229	0 0
Cultivation cost		46	0 0
		<hr/>	
		183	0 0
Kist and Cess	..	40	6 0
		<hr/>	
Net income	..	142	10 0
Loan instalments	..	56	11 0
		<hr/>	
Surplus	..	85	15 0

(b) *From other sources:* Besides the hypotheca, the applicant owns 3.67 acres wet land in Pinnaloor, .65 acres wet in Thrinjikkotti and 2.32 acres dry in Pinnaloor. He is reported to have purchased in a court sale 2.65 acres wet in Pinnaloor which is not taken into consideration. Nor is his wife's property in Sreemushnam taken into consideration. The wet lands are as good as those hypothecated. The average yield is 25 kalams an acre.

	Rs.	A.	P.
Income from wet lands	..	162	0 0
		<hr/>	
Cultivation cost	..	42	0 0
Kist and Cess	..	29	0 0
		<hr/>	
Balance	..	91	0 0
Income from dry lands	..	20	0 0
		<hr/>	
Total	..	111	0 0

#### *Family Expenses*

After investigation it has been found that the applicant's family, who are actual workers in the field, may require about Rs. 165 a year.

## Repaying Capacity—

Income			Expenditure		
	Rs.	A. P.		Rs.	A. P.
From hypotheca ..	142	10 0	Family expenses ..	185	0 0
Other sources ..	111	0 0	Instalment of the loan	56	11 0
Total ..	253	10 0	Total ..	221	11 0

There is a surplus of Rs. 31-15-0 and hence there is no doubt that the applicant will have a sound repaying capacity.

The officer gives a summary of his findings in the end and recommends the loan under the following conditions—"The extra debt of Rs. 72-7-6 should be discharged by the applicant from his private resources; (2) the indenture to the Bank should be executed by the applicant, his brother and mother, the applicant executing it for himself and as guardian for his minor son."

The above account by the officer of the Department gives an idea of how thorough and systematic is the investigation on a loan application.

*Financing Bank—(a) Issue of Debentures.*

As already described, the primary land mortgage banks originally issued the debentures but in 1929 to centralise the debenture issue the Central Land Mortgage Bank was started. With the previous sanction of the Trustee who is the Registrar of Co-operative Societies, the Board of Management may issue debentures of one or more denominations for a period not exceeding twenty-five years on the security of mortgages and other assets transferred by the mortgage banks to the bank. The interest on the debentures payable half-yearly should not exceed 6½%. At present the interest on the debentures is 3% per annum. The total borrowings of the bank by the issue of debentures should not exceed 25 times the paid-up share capital plus the reserve fund. Until the beginning of the Co-operative year 1937-38 debentures were issued on condition that for the first ten years they would not be redeemable except to the extent of principal collections. This clause was deleted as the investors felt that it was inconvenient and the issue of debentures



was made irredeemable for the first ten years. Accordingly debentures of the 24th series were irredeemable for the first ten years. The debentures issued during the year 1937-38 were for Rs. 25,87,000 at 3% rate of interest.\* At the end of the year, the debentures outstanding amounted in all to Rs. 1,31,85,700. It was usual to issue debentures in dribblets throughout the year when the money was required. At the instance of the Reserve Bank of India the Government wanted this system to be changed to that of issue of debentures once or twice a year at convenient times when monetary conditions were favourable. The Government agreed to give temporary accommodation to the Bank up to the limit of requirements every month till the debentures were floated. This temporary accommodation was to be charged at the bank rate then prevailing. Owing to financial difficulties, the Government discontinued temporary advance and permitted the bank again to issue debentures in dribblets.

The principal of and the interest on the debentures are guaranteed to a maximum amount fixed by the local Government from time to time. This is to induce confidence in the public about the security of the debentures. The Government have recently raised the guarantee of principal and interest from Rs. 125 lakhs to Rs. 250 lakhs.

Before the introduction of the rule that for the first ten years, debentures would be irredeemable, lots were drawn every six months to the extent of principal collections made and debentures retired. Debenture holders who did not want to be redeemed were allowed to have their debentures drawn and converted into the new 3% debentures irredeemable for the first ten years.

(b) *Sinking Fund and Debenture Redemption Fund.*

In their order No. 839 dated 29-3-38, Government directed that the maximum amount of guarantee under Section 6 of the Land Mortgage Banks Act would be enhanced only if the Bank would agree to the following conditions.

" (1) The bank should constitute a sinking fund where to "the bank will throughout the period of currency of each series of debentures issued make an annual equated contribution to a debenture redemption

\*Vide Table 60 for a full statement of the issue of debentures.



fund, at such a rate that the contribution accumulating at compound interest at the same rate of interest as that borne by debentures will provide sufficient funds to pay off the debentures at maturity."

(2) The bank should retain "a margin of at least  $2\frac{1}{2}\%$  between the rate of interest charged to the ultimate borrower and the rate of interest paid on debentures."

(3) The "rate of dividend paid by the Central Land Mortgage Bank to its share-holders should not hereafter exceed 1% above the rate of interest at which it issues debentures."

As the Central Land Mortgage Bank has issued 20 years' debentures which are non-redeemable for the first ten years, there has arisen the necessity of creating a Fund to invest a certain sum towards the redemption of debentures after the ten years. The Bank itself proposed to put the collection in what they called a Debenture Redemption Fund. By the end of the period the total collections into this fund will be equal to principal and hence there will be no difficulty in redeeming debentures. According to this method during the period of the loan, the money accumulated in the Debenture Redemption Fund should earn interest at the rate at which debentures were floated. If the actual yield is less than this amount there will be a loss to the Bank but if it is greater, the Bank will earn a profit. The Government wanted the Bank to start a Sinking Fund as was recommended by the Reserve Bank. The Bank has to make an annual equated contribution to the Fund so that the accumulated amount might yield at the end of the period of twenty years the principal amount. As the Reserve Bank assumes, if the rate of interest on investment is  $2\frac{1}{2}\%$ , a sum of Rs. 39.147 should be invested every year for twelve years to accumulate Rs. 1,000 by the end of the period. This sum of Rs. 39.147 can be got only through the annual payments of the borrowers. On a principal of Rs. 1,000 the Central Land Mortgage Bank received from the primary banks an annual equated instalment of Rs. 73.583 for twenty years assuming 4% rate of interest to primary banks. After paying Rs. 30 interest on debentures for Rs. 1,000, the balance will be Rs. 43.583. If Rs. 39.147 was invested in the sinking fund the balance for working the Bank will be Rs. 4.436 for every loan of Rs. 1,000 granted. As this will not be enough for the working expenses of the Bank, an increase in the rate of interest by  $\frac{1}{2}\%$  is recommended by the Government. Thus the ultimate borrower has to pay  $5\frac{1}{2}\%$ . Moreover investment of sinking fund in

Government and such other securities will yield some loss by way of interest, as the Land Mortgage Bank will have to pay a higher rate of interest on debentures. There are some other objections to the Sinking Fund. The collections towards the principal by the bank are not the same every year. They are less in the earlier years and more in the later years. According to the sinking fund scheme more should be invested in the sinking fund than what is collected in some years. This will result in the raising of the rate of interest to borrowers. What with the highly conservative valuation of the mortgaged lands, the lending only up to 50% of the value of the land and the careful scrutiny of the repaying capacity, the working of the Bank has been satisfactory. Thus it disproves the necessity for a complicated system of a sinking fund. Again the share capital and the reserve funds created would cover any defaults by the primary banks. Hence the sinking fund scheme adopted by a public body or Government should not be imposed on the Central Land Mortgage Bank. On these grounds the Central Land Mortgage Bank wanted the simple debenture redemption fund by which the collections from primary banks will be invested in Government securities and debentures will be purchased when available in the open market. But even in the Debenture Redemption Fund, the Land Mortgage Bank will have to bear the loss on account of interest on investment. So either in the case of sinking fund or the Debt Redemption Fund, a special reserve fund, as suggested by K. D. Kothari, for meeting the loss on account of interest on investment of funds should be created. Mr. Kothari gives an example of the working of the scheme. The Central Land Mortgage Bank issues 23 years' debentures of Rs. 10 lakhs at 3%. Assuming that the principal recovery for the first year comes to Rs. 50,000 and assuming that the rate of interest obtainable on investment of funds in Government securities is  $2\frac{1}{2}\%$ , the Bank will have to pay as interest every year Rs. 1,500 to debenture-holders in respect of this Rs. 50,000 and will be receiving Rs. 1,250 as interest every year for the remaining 19 years, at the end of which period the debentures are to mature. The amount of Rs. 250 which is short every year should be made good out of an investment of fund. "The present value of Rs. 250 on the basis of 19 years at  $2\frac{1}{2}\%$  would amount to Rs. 3,750, and this amount should be set aside by the Bank out of the annual profits. Assuming that recovery for principal amount comes to Rs. 50,000 next year also and Rs. 50,000 of that year together with Rs. 50,000 of the

previous year are invested at  $2\frac{1}{2}\%$ , bringing thereby, annual loss of Rs. 500 for the remaining 18 years, the credit balance of the Special Reserve Account should come to Rs. 7,250 which is equal to present value of Rs. 500 for 18 years at  $2\frac{1}{2}\%$ . If the sum of Rs. 3,750 of the previous year had been also invested at  $2\frac{1}{2}\%$ , it would have earned interest of Rs. 93-12-0 and so the Bank would be required to make a further provision of Rs. 3,406-4-0 out of the profits of the second year in order to bring the balance of special reserve account to Rs. 7,250. The Bank has to make provision to this fund out of its annual profits for the first 11 years, and that too, on diminishing scale, and after the first 11 years, the Bank can draw against this fund in order to recoup the losses which would arise for the reason that the loan balances earning remunerative rate of interest would become gradually smaller, while investment out of debenture fund giving comparatively smaller yield will become larger year by year." This scheme of the Special Reserve Fund will be very useful to stave off any losses incurred by the Central Land Mortgage Bank and so can be profitably adopted.

In accordance with the Government order, however arrangements have been made to constitute a Sinking Fund for the 24th and 25th series of debentures issued with the condition that they are irredeemable for the first ten years. The rate of interest to ultimate borrowers for loans for which mortgages were executed after 8-4-1938 has been raised to  $5\frac{1}{2}\%$  per cent and 6%. The following table will give an idea in the variation of the rate of interest.

Rate of interest (%)			Periods during which the interests were in force
On debentures	On loans to primary bank	On loans to individual borrowers	
8, $6\frac{1}{2}$ , 6%	8, 7, $7\frac{1}{2}$	8, $8\frac{1}{2}$	18th September 1930 to 24th May 1933
$5\frac{1}{2}$	7	8	24th May 1933 to 29th August 1933
5	7	8	29th August 1933 to 4th December 1933
5	6	7	4th December 1933 to 1st June 1934
4	$5\frac{1}{2}$	$6\frac{1}{2}$	1st June 1934 to 1st May 1935
$3\frac{1}{2}$	$5\frac{1}{2}$	$6\frac{1}{2}$	1st May 1935 to 19th October 1935
$3\frac{1}{2}$	5	6	19th October 1935 to 13th March 1936
$3\frac{1}{2}$	$4\frac{1}{2}$ , 5	$5\frac{1}{2}$ , 6	13th March 1936 to 26th August 1936
$3\frac{1}{2}$	4	5	26th August 1936 to 8th April 1938
3	$4\frac{1}{2}$	$5\frac{1}{2}$	8th April 1938 to 13th February 1939
3	5	6	13th February 1939 onwards.

*Loans by Central Mortgage Bank.*—From its inception the Bank advanced to primary land mortgage banks 8921 loans amounting to Rs. 164.43 lakhs up to 30th June, 1938.

*Number of applications and loans according to value 1929 to 1938\**

Value of loan	No. of loans	Amount	Percentage of the numbers of loans to the total number of loans	Percentage of the amount to the total amount of loans
Below 500	766	2.63	8.60	1.6
Rs. 500 to 1000	2048	13.51	23.00	8.2
" 1000 to 2000	2897	35.45	31.5	21.5
" 2000 to 3000	1369	30.21	15.32	18.4
" 3000 to 4000	754	24.08	8.44	14.7
" 4000 to 5000	425	17.84	4.80	10.9
" 5000 to 6000	651	32.58	7.20	19.8
" 6000 to 7000	30	1.85	0.30	1.1
" 7000 to 8000	20	1.44	0.20	0.9
" 8000 to 9000	11	0.90	0.10	0.5
" 9000 to 10000	4	0.36	0.04	0.2
" 10000	36	2.60	0.40	2.2
Total	8921	164.43	100.00	100.0

It may be seen from the above table that loans between Rs. 1,000 to Rs. 2,000 and between Rs. 2,000 to 3,000 constitute the major portion of the loaning operations of the Bank. During the year 1937-38 applications for Rs. 49,82,755 were received by the Bank. Applications for Rs. 1,65,440 were rejected for various reasons and loans for Rs. 44,73,153 were sanctioned. The loan application received and dealt with during the year fell far short of the expectations because transactions were held up for four months on account of the Agriculturists' Relief Bill being discussed in the Legislature. The total amount of loans outstanding on 30-6-38 was Rs. 1,40,79,858-9-2. The value of debentures outstanding at

\*From the annual reports of the Central Land Mortgage Bank.

the end of the year was Rs. 1,31,85,700. To cover the amount in excess debentures were issued. According to the valuation of Co-operative Sub-registrars the value of properties mortgaged and assigned to this bank was Rs. 4,29,12,559. The total extent of the property mortgaged is 1,07,041 acres 88 cents.

#### Progress of the Primary Banks and the Central Land Mortgage Bank.

A study of the growth of the Central Bank for the past three years will be interesting:<sup>1</sup>—

	1935-36	1936-37	1937-38
1. Number of members—			
Individuals ..	198	457	478
Primary Land Mortgage Banks ..	79	90	94
2. Share capital ..	3,58,900	5,34,300	6,89,300
3. Borrowings—			
Debentures ..	79,44,400	111,84,400	131,85,700
Deposits ..	4,80,112	2,50,754	6,27,277
Overdraft ..	..	5,115	4,21,296
Loans ..	..	..	1,00,000
4. Loans Outstanding against Primary land mortgage banks ..	78,66,231	1,12,85,968	1,40,79,859
5. Investments in Government Promissory Notes etc.	6,35,045	6,92,426	11,68,638
6. Overdues from Members ..	..	..	..
7. Net profits ..	46,765	64,422	32,963
8. Reserve fund after audit ..	1,12,376	1,23,821	1,58,853
9. Other reserves—	10,000	20,000	40,000
Bad debt reserve ..	..	..	20,000
Depreciation reserve ..	..	20,000	20,000
10. Dividend declared ..	6	5	4

The bank shows a remarkable progress in all respects. There are no overdues at all from members.

1. Evidence of the Committee on Co-operation, Madras 1939.

Table 61, Appendix II gives an idea of the number of primary land mortgage banks in each district in the Province, the number of taluks and villages covered by them etc., and the general expansion. Land mortgage banks are started in all the districts and it is only in some taluks of the districts that there are no facilities for long-term credit. In the South Arcot where there are eight taluks, there are six land mortgage banks and only one taluk is not served by land mortgage banks. There is yet scope in the Presidency for starting new banks. Moreover some portions of the districts may be included in the jurisdiction of the existing banks. In the dry districts there are good portions uncovered by land mortgage banks. The question of starting banks in the dry areas bristles with difficulties. The benefit of the banks has not spread in zamin and inam areas which are not surveyed and settled. On the 1st of April, 1939, there were 109 land mortgage banks in the Presidency and Government permitted the formation of nine more banks during 1939-40.

The banks in all advanced only Rs. 176 lakhs to the ryot. When considering the volume of indebtedness of the agriculturists the loans from mortgage banks have not touched the fringe of the problem. There is yet scope for great expansion of these banks. It is necessary that an effective co-ordination of work should be brought about between Debt Conciliation Boards which are engaged in the scaling down of debts and the land mortgage banks.

The help to big landholders and Zamindars is another problem. Primary land mortgage banks can take such work only with great diffidence. In fact they are incapable of taking this work. These big landholders may require large sums for a long term for developing their estates or for redeeming debts. Only specialised institutions can come to their rescue.

#### *Some suggestions and conclusion.*

The usual complaint in the villages is the inordinate delay in the sanction of loans by land mortgage banks. In the survey conducted in the Cuddalore Taluk, a ryot of the Kottuvancheri village said that it took nearly two and a half years for the sanction of a loan. Inspecting some loan applications in the Central Land Mortgage Bank, the writer found some delays in the sanction of loans. For example loan application No. 15-1937-38 of the Chidambaram Land Mortgage Bank was received



by the Bank on 4-3-1938, referred to supervisor for preliminary enquiry on 1-4-1938, encumbrance certificate was applied for in the Sub Registrar's office on 13-7-1938 and was received on 18-7-1938, was referred to the supervisor or group director for final scrutiny on 19-1-1939, the final report from the supervisor or group directors was received on 20-1-1939, was referred to the legal adviser on 23-12-1938 and the report was received on 23-1-1939, was referred to the Sub Deputy Registrar for scrutiny on 27-3-1939 and the remarks were received on 28-3-1939, the meeting sanctioning a loan of Rs. 650 was held on 30-4-1939 and the Central Land Mortgage Bank received all the records on 24-5-1939. After scrutiny by the Central Land Mortgage Bank, the money would have been sent to the primary bank at least after a period of two months. Disbursement of loans would have taken at least another month more. Thus for the sanction of a loan, it has taken nearly 1½ years. But an interview with the supervisor has revealed that usually the time taken from the date of application to that of disbursement of the loan is between four months to one year. According to the Central Land Mortgage Bank, the average time taken by a land mortgage bank from the date of the loan application to the date of sanction is about six months. It takes about one month for a sanctioned loan to be disbursed to the primary bank. In the actual disbursement to the creditors, another month is taken, though, in some cases, owing to the dilatory tactics of an unwilling creditor or for other reasons, a larger time is taken. The reason for the delay, to some extent, is the necessity for a loan application to pass through several stages in a primary bank. The main cause of delay is the difficulty in getting the necessary documents of title. The practice of preserving title deeds, such as sale deeds or discharged mortgage bonds is not common. At least in future, legislation should be introduced for the preservation of such deeds. A great part of the delay is caused in getting the vouchers for discharge of the mortgages which are disclosed on a scrutiny of the encumbrance certificate. After the passing of the Agriculturists' Relief Act, creditors still refuse to take the scaled-down amount under the Act. So many borrowers take time to find money to pay the extra debt due by them. There is no legislative provision enabling the mortgage banks to deposit the amount of debts due in civil courts on behalf of their members. For this reason alone, in some cases loans sanctioned and remitted to the primary banks were returned to the Central Land Mortgage Bank. It is very essential that this serious gap in legislation should be filled very soon.



Some measures were taken by the Government to minimise the delay. A recent amendment to the Madras Co-operative Land Mortgage Banks Act is the enforcement of attendance of any person for giving information or producing documents in his possession or power before the officers or persons authorised by the Registrar. Several measures taken by and in consideration of the Registrar for securing speedier disposal of loan applications are—

(i) The banks are required to examine loan applications at the outset, hold a preliminary enquiry and reject such of the loan applications as cannot *prima facie* stand the tests of the Central Land Mortgage Bank. In doubtful cases, the co-operative Sub Registrars for Land Mortgage Banks are consulted.

(ii) With a view to enable the banks to obtain the necessary documents of title etc., quickly from their members, land mortgage banks were advised to make provision in their by-laws for rejection of loan applications on failure to produce documents without satisfactory reasons within three months from the date of intimation and for restoration of such rejected applications only on payment of a penalty.

(iii) Joint inspection by group directors and by the co-operative Sub-registrars for Land Mortgage Banks is encouraged and undertaken wherever possible.

(iv) At the request of the Central Land Mortgage Bank, I (Registrar) have, as an experimental measure, authorised about a dozen co-operative Sub Registrars to send direct to the Central Land Mortgage Bank the loan applications of Rs. 500 and below scrutinised by them. The results of this arrangement have to be seen and if this arrangement works successfully, the question of extending the limit of loan applications which may be sent direct to the Central Land Mortgage Bank will be considered.\*

While it is gratifying to note that steps are already taken to eliminate the Deputy Registrar in the case of small loans, the elimination must be complete. For the scrutiny of the land value, repaying capacity etc., is made by the supervisor, director and Sub Deputy Registrar. An efficient staff at the Central Land Mortgage Bank which finances the move-

\*Report of the Working of the Madras Co-operative Societies Act, 1937-38.

ment carefully scrutinises the various applications. Hence there is no necessity for a Deputy Registrar. Surprise visits by the Registrar to check the work of the Sub Deputy Registrar will have a salutary effect on him. If the Deputy Registrars' are eliminated and in their place more Sub Deputy Registrars are appointed with jurisdiction over a smaller area, the delay in the sanctioning of loans may be minimised. The delay in securing encumbrance certificates, etc., may be avoided if, as in the case of land revenue or taccavi loans, the land mortgage banks have the first claim on the member's property. The Board of Directors should meet immediately on the application for loans and try to dispose of the applications at one or two meetings.

The general cry is that Land Mortgage Banks are not making small loans to small agriculturists. The statistics provided earlier will show that between 1929 to 1938 the number of loans below Rs. 500 is 766 and the amount Rs. 2.63 lakhs out of Rs. 164.43 lakhs. The percentage of the amount of such loans to total loans forms only 1.6. The difficulties in making loans to small ryots are that they may not satisfy the business tests as to security, repaying power etc., imposed by the bank or the administrative expenses involved in the scrutiny and valuation of lands in connection with the sanction of such loans may not be adequately covered by the fees realised from the applicants for loans. It is however necessary that any difficulty in the way of granting such small loans should be removed. Though the Agriculturists Loans Act is the best agency for the grant of such small loans, land mortgage banks also should aid in the supply of such loans.

It is often said that the land mortgage banks have not done anything to promote agricultural industry except for transferring the burden of unproductive debt from private money-lenders to organised banks. This observation is partly true. Of course the by-laws of primary land mortgage banks provide for the grant of loans to members for redemption of mortgages, redemption of other prior debts, improvements of land and methods of cultivation and for the purchase of land in special cases so as to enable the ryots to round off their holdings and work them more economically. In actual working all the loans advanced by the banks are intended for the discharge of old debts of the borrowers. Hardly any loans were issued for the purpose of land improvements. Moreover the first preference is given for the redemption of mortgages and discharge of prior debts. The Royal Commission on Agriculture and the Central

Banking Enquiry Committee have drawn pointed attention to the grant of loans for land improvement. The Royal Commission on Agriculture has also remarked that part at least of the allotment under the Land Improvement Loans Act should be at the disposal of the land mortgage banks provided that steps are taken to ensure its utilization on objects which fall within the scope of the Act. The Commission also pointed out that whilst there was some demand for facilities to repay old debts or redeem mortgages there was no strong demand for long-term money for land improvements. The Reserve Bank of India rightly observed "though pre-occupation of land mortgage banks with the liquidation of old debts was inevitable in the beginning and was probably a necessary step to clear the ground before any work of a constructive nature could be undertaken, we deprecate too exclusive concentration on that object to the neglect of the more important work of supplying finance for the improvement of land which would be productive of permanent benefit to the agriculturist. It is true that the demand for this kind of loan is small at present..... There can be no doubt, however, that there is need for improvement in many directions. For works of permanent improvement such as the erection of bunds, the installation of power units, levelling, fencing etc., on a large scale, the digging of wells, reclamation etc., the expenses of which can only be met out of the return from the increased production over a series of years, long-term loans are necessary and land mortgage banks will be failing in their true purpose if they do not undertake this kind of finance. If people will not come to the bank of their own accord for such assistance, it will be necessary for the banks to carry on propaganda for the purpose. . . . Special efforts might be made in selected areas and help might, in the beginning, be confined to people approved and recommended by the co-operative societies. As the lack of compactness of the holdings often makes land improvement works unprofitable or impossible, land mortgage banks should also directly or indirectly encourage schemes for the consolidation of holdings." The loan given for land improvement should be disbursed in instalments as the work progresses after satisfying that the previous instalment has been properly utilised. The Agricultural Department which is mainly concerned with the improvement of land might co-operate with the land mortgage banks in propaganda and education, assistance to prepare suitable schemes for financing and examination of technical aspects. Regulation under Section 32, clause (2) of the Land Mortgage Banks Act makes clear the term "improvement of agricultural land." Mr. Giri, in his address at the Tenth

Land Mortgage Bank Conference, stressed the need for loans for land improvement and emphasised careful study of the question of the grant of loans by land mortgage banks for utilising the electric power for the promotion of agriculture.

The Central Land Mortgage Bank is of opinion that it is not advisable to start banks in dry districts which are almost rain-fed and where there is no certainty of crops. The present policy is the starting of land mortgage banks in dry tracts where definite sources of irrigation either from tanks or from wells are available and there is certainty of crops. This policy is based on the principle that the success of the mortgage bank movement depends upon the prompt repayment of equated instalments by members because the source of capital is through debentures and nothing should be done to upset the confidence of the investing public. The debenture-holder must be paid on the due date and to ensure this, either there should be no failure of crops or some other institution must bear the burden of such temporary losses. The only remedy for such dry tract is the establishment of land mortgage banks which grant loans over a long period of forty years. The loans should be postponed in the years of failure of crops and collected in years of good harvest. The Committee on co-operation in their discussions suggested a temporary diversion of a portion of the Famine Relief Fund for meeting the obligations on the Central Land Mortgage Bank during periods of distress and failure of crops and for reimbursing the money in good years. This appears to be a sound proposition. The alternative would be for the Government to arrange the finance direct in those areas. Government unlike a bank can afford to bear a loss to improve the lot of a section of unfortunate taxpayers. In fact it is the duty of Government to undertake such business when an organised institution cannot profitably help those agriculturists in the dry areas.

Loans by mortgage banks in America are over forty years. In Europe it is even longer, and in Australia, the period in the Credit Foncier of Victoria is more than thirty years. The Emergency Farm Mortgage Bank Act of America allowed grant of loans for as much as 75% of the value of land; provision was made for granting on second mortgage up to 75% of the value of property; and power was given to land banks to postpone principal payments to worthy borrowers. While such measures are possible in other countries, extension of the period of loans at least to thirty years in the Madras Presidency will not lead to a slackness

in the payment or other complications as the Reserve Bank believes. The Townsend Committee on co-operation, the Indian Central Banking Enquiry Committee and Mr. Sathianathan recommended an extension of the period of loans. Such extension will result in a greater number of borrowers, whose paying capacity is less, taking loans from the land mortgage banks.

It will be in the fitness of things if, after the scaling down of debts by the Madras Agriculturists Relief Act and the Conciliation of debts by the Debt Conciliation Board, land mortgage banks take up the financing of the debts of such borrowers. Before the Madras Agriculturists' Relief Act was passed into law, some of the primary land mortgage banks attempted to scale down the debts of the members by persuasion with varying results. The amounts scaled down by such efforts are—

		Amounts written off by creditors of members of Land Mortgage Banks
		Rs.
1934-35	.. ..	38-191
1935-36	.. ..	55-203
1936-37	.. ..	1-56 lakhs
1937-38 till the passing of the Agriculturists' Relief Act ..		1-08 lakhs.

The scaling down of debts of Rs. 1-56 lakhs in 1936-37 is against Rs. 39 lakhs lent out by the banks. In the Chidambaram Land Mortgage Bank in nine cases with debts amounting to Rs. 10,550 in 1937-38 the amount scaled down was Rs. 141-6-7 only. A co-ordination of debt conciliation boards with land mortgage banks will result in greater achievement. The office-bearers of land mortgage banks should be connected with conciliation boards wherever possible. The Central Banking Enquiry Committee recommended the utilisation of the Co-operative movement for payment to the lender of the amount payable under the terms of settlement. The Reserve Bank of India is also of the same opinion.

As a measure of safety for land mortgage banks and prudence on the part of borrowers, members of land mortgage banks may take endowment life insurance policies and assign them to the bank or take a dis-mortgaging policy. This policy of dismortgaging by means of life insur-



ance has met with favour in Germany and other European countries. This scheme was suggested by Von Hecht, a student of agricultural credit institutions in Europe and adopted by the *Landschaft*. Insurance was insisted upon by the Central Land Mortgage Bank in all cases of loan applications above Rs. 5,000 prior to 1937. The advantage of this scheme is, where the borrower dies after two or three years of the grant of loan, the insurance company will pay the bank. If he survives, he will at the end of the period, when the policy matures, receive a substantial sum. This scheme can be very easily adopted in Madras for loans above Rs. 1,000. The scheme can be made more easy for adoption if the period of loan is extended to 30 or 40 years and consequently the instalment to be paid to the bank is reduced. It will be sufficient if the borrowers take a policy for half the amount they take as loans and assign it to the bank.

In its Statutory Report, the Reserve Bank of India suggested that the land mortgage banks in their granting of loans should not run the risk of committing the same error as the Co-operative Credit Societies did in the past and thus find themselves with their assets frozen. "A cultivator who is habitually running into debt cannot be saved merely by the grant of longer instalments with lower rates of interest. He must be trained and disciplined in the use of money and if he is living in a deficit economy, attempts should be made to increase his margin of profit. The old co-operative ideal was to make a man undergo a period of probation in a co-operative society and liquidate his old debt only after his fitness for this purpose has been tested. The present system in vogue in many places of taking up debtors without any previous knowledge and looking only to the security offered by them can hardly be said to have any real co-operative element in it. The security of land, as has been demonstrated more than once proves more an embarrassment than an asset when it has to be realised on a large scale so that even a land mortgage bank must look more to the paying capacity of the debtor than to the mere value of his assets. We consider it highly desirable that arrangements should be made for the person whose debt is to be paid by the land mortgage bank to serve a period of probation with a good primary credit society and that even after the land mortgage bank has advanced him a loan, he should continue to be a member of a multi-purpose society so that regular repayment of his instalments may be ensured by proper supervision of his activities.\* The recommendation of the Reserve Bank is made with the

\*Statutory Report—Reserve Bank of India

best of intentions but though it is very fine on paper it cannot be adopted practically. The reason is the primary credit society itself is to be reconstructed on sound lines and attempts are being made in that direction. The land mortgage banks should not suspend their business till such time the Co-operative Societies are based on sound lines. That period is indefinite. Hence land-mortgage banks should proceed as they are at present and no clause insisting on probation in primary societies should be included. Moreover the close scrutiny of the security and the repaying capacity of borrowers will stand the land mortgage banks in good stead.

It has been suggested that the Central Land Mortgage bank should try, as early as possible, to free the debentures of Government guarantee. At present Government guarantee of principal and interest is essential and because of such guarantee the Central Land Mortgage Bank is able to attract funds from local bodies, municipalities, co-operative institutions and other trusts. Debentures can be made independent of Government guarantee only when the Central Land Mortgage Bank is able to establish a name in the money market and draw its funds from big commercial firms, insurance companies and other individuals who seek long-term investment. At present, insurance companies which own huge amounts invest only small amounts in debentures and hold the bulk of their investments in Government securities. If the funds of the insurance companies are turned to land mortgage banks it will be a great help to agriculturists. The bank should employ a reputed firm of brokers to transact more business through them for the issue and purchase of its own debentures. Debentures should be floated in one lump sum instead of being floated piecemeal throughout the year. The Reserve Bank of India being quite conversant with the money market can undertake to float the debentures of the Central Land Mortgage Bank at the right time. During the interim period an overdraft should be granted to the Central Mortgage Bank by the Reserve Bank of India. If the Reserve Bank of India can invest a portion of its funds in debentures or advance money on the security of debentures, the popularity of debentures will be enhanced. The Reserve Bank feels that it has to maintain absolute fluidity of its resources and therefore cannot lock up the funds in the debentures. This attitude of the Reserve Bank is very discouraging especially when the debentures are marketable. Above all the Central Land Mortgage Bank should build a strong reserve.



Some other suggestions are that the Central Land Mortgage Bank should deal directly with some big borrowers to whom the primary banks are incapable of lending. Such loans are granted by the Land Banks of the United States of America without the intermediary of the Farm associations. Big loans up to 50,000 dollars by the Land Banks of America and up to 4000 (Rs. 42,000) by the Credit Foncier of Victoria, Australia, are given to borrowers. Such big loans can be given to needy zamindars and big landholders by the Central Mortgage Bank direct. If loans could not be given by the central institutions, well-organized joint stock land mortgage banks should be started. As the Central Banking Enquiry Committee says, Government should take an initiative in the starting of such banks. A credit Foncier Bank on the model of the Victorian institution of Australia may be started by the state and the postal savings bank may invest funds up to 20% of its deposits in the debentures of such a bank. The rest of the amount can be secured by debentures either through the Central Land Mortgage Bank or separately.



## EXCHANGE LIST

*Hindustan Review.*  
*Half Yearly Journal of the Mysore University*  
*Economica, London.*  
*Philosophical Quarterly.*  
*Reading University Gazette.*  
*Mysore Economic Journal.*  
*Chemical Abstracts, Easton Pa.*  
*The Punjab University Gazette.*  
*Journal of the Bombay University.*  
*Quarterly Journal of the Mythic Society.*  
*Publications by the Oriental Library, Baroda.*  
*Publications by Kungl. Universitetets Bibliotek, Uppsala, Sweden.*  
*Journal of the Madras University.*  
*Varendra Research Society, Rajshahi, Bengal—Annual Report and Monographs*  
*Quarterly Journal of the Kannada Literary Academy.*  
*Journal of the Andhra Historical Research Society.*  
*Indian Culture.*  
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*Indian Historical Quarterly, Calcutta.*  
*Journal of the Bombay Branch of the Royal Asiatic Society.*  
*Review of Philosophy and Religion.*  
*Proceedings of the Durham Philosophical Society, Newcastle.*  
*Bulletin of the Calcutta Mathematical Society.*  
*Epigraphica Indica.*  
*Monthly Weather Report, Poona.*  
*Scientific Reports of the Imperial Institute of Agricultural Research.*  
*The Aryan Path.*  
*Indiana.*  
*Vishva Vani—A journal of Indian Renaissance.*  
*Journal of the Madras Geographical Association.*  
*Man in India*  
*The Poona Orientalist*  
*Publications by the Industrial Intelligence and Research Bureau, Simla*  
*The Mathematics Teacher, New York.*  
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## EXCHANGE LIST (Contd.)

*Publications of the Brown University, U.S.A.*  
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